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Progress in the implementation of the recommendations from the after-action review of storm Sandy

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 67/254 A, wherein the Assembly requested the Secretary-General to present comprehensive information on the work of the after-action review of storm Sandy (see para. 7 of part II and para. 4 of part IV) and also requested information on risk mitigation through the insurance market for United Nations installations exposed to natural hazards and emergencies (see para. 17 of part IV).

The report provides a description of the steps taken in preparation for the arrival of the storm, the impact of the storm on Headquarters and the main recommendations and action taken in the following key areas:

(a) Governance of the crisis management programme;

(b) Information and communications technology;

(c) Physical infrastructure;

(d) Communications;

(e) Support to staff.

The report provides a description of enhancements in emergency management resulting from the after-action review process, the recommendations of which are being mainstreamed into the Headquarters emergency management programme.

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The General Assembly may wish to consider the report in conjunction with the report of the Secretary-General on progress in the implementation of the organizational resilience management system (A/68/715), which has been submitted pursuant to paragraph 6 of part II of resolution 67/254 A.

The General Assembly is requested to take note of the report.

I. Background

1. On Monday, 29 October 2012, New York was affected by an unprecedented and severe weather event known as storm Sandy. The storm caused widespread damage and destruction along its path through the Caribbean and the north-east states of the host country and surrounding areas in particular. The risk of flooding from the storm, which made landfall near Atlantic City, New Jersey, coinciding with a full moon and a rising tide, led New York City officials to evacuate residents from flood zones and to close the New York airports, bridges, tunnels and public transportation. This significantly limited the ability of staff to gain access to United Nations offices. After the storm made landfall, strong winds and flooding caused widespread power losses, reducing the ability of staff to telecommute.

2. The Secretariat has consolidated and reinforced the strategic investments made by Member States and approved by the General Assembly in support of pandemic preparedness through the development and implementation of an emergency management framework in the form of an organizational resilience management system. The organizational resilience management system was recently approved by the Assembly in its resolution 67/254 A, having been piloted at Headquarters since 2010. Following the Headquarters crisis management and business process recovery timeline developed under the organizational resilience management system (see annex), the lead departments for emergency management — the Department of Management and the Department of Safety and Security — took preventive and preparedness measures and made concerted efforts in advance of the storm, in addition to response and recovery action to maintain business continuity and return to normal operations.

3. That action notwithstanding, owing to the severity of the storm and the resulting flooding, the Secretariat complex sustained damage affecting the Organization's operations. While the core infrastructure of the Secretariat premises was assessed as being intact, significant damage to plant and equipment was sustained on the third and lower levels of the basement, most notably to the chiller plant, operations-related spaces and printing facilities.

4. While recognizing the effort and ingenuity of staff in maintaining the Organization's critical functions during and after the storm, the Secretariat recognized that there was a need to capture lessons learned from the storm preparedness and response efforts and conducted a formal after-action review process led by the Chef de Cabinet. Five interdepartmental working groups, each headed by an Under-Secretary-General or an Assistant Secretary-General, were established to review the following key pillars:

(a) Governance of the crisis management programme;

(b) Information and communications technology;

(c) Physical infrastructure;

(d) Communications;

(e) Support to staff.

5. A total of 25 recommendations aimed at enhancing organizational resilience were distilled from the reports prepared on each of those pillars and assigned to the appropriate department heads for implementation (see sect. IV).

6. An interim governance mechanism under the Chef de Cabinet and comprising the heads of the departments responsible for the implementation of the recommendations (Department of Management, Department of Safety and Security, Department for General Assembly and Conference Management and Department of Public Information) was established in January 2013 to oversee the implementation of the recommendations from the after-action review, the status of which was examined quarterly. In November 2013, governance of the after-action review process was mainstreamed into the Headquarters emergency management programme as part of the organizational resilience management system, overseen by the Senior Emergency Policy Team.

7. The present report provides a description of the steps taken in preparation for the arrival of storm Sandy and the subsequent impact of the storm on Headquarters, so as to provide context for the action that followed. It provides an explanation of the subsequent enhancements in emergency management practice resulting from the after-action review process and how the recommendations and actions arising from their implementation are being mainstreamed into the Headquarters emergency management programme.

8. The present report also provides an update on the status of the remediation work on the physical infrastructure of the Secretariat premises and the mitigation measures being put in place. In association with those efforts, an insurance claims recovery process is continuing. The present report provides an update on that process and information on the Organization's risk mitigation through the insurance markets, as requested by the General Assembly in part IV of its resolution 67/254 A.

II. Steps taken in preparation for the arrival of the storm

9. Risk management is the foundation of the organizational resilience management system. Accordingly, offices within the lead departments for emergency management at Headquarters — the Department of Management and the Department of Safety and Security — continually scan the environment for emerging threats that could disrupt operations. After recognizing the potential for storm Sandy to affect the New York City region, the Secretariat, in close contact with the host city and host country authorities, collectively reviewed priority activities. Preparedness measures, including messaging to staff, were taken ahead of the storm.

10. Guided by the storm-related information communicated by the host country and municipal authorities, the Secretariat implemented extreme weather safety inspections and preparedness protocols. For example, a hurricane ride-out team comprising staff who were expected to be needed on site during the storm and its aftermath was mobilized and provided with support materials.

11. Messages containing general preparedness information were sent to permanent missions and staff in the days before the arrival of the storm. The Crisis Operations Group, the interdepartmental and inter-agency group responsible for crisis preparedness and response at Headquarters, was kept apprised of the evolving nature of the storm and its potential impact.

12. The Secretariat maintained contact with the New York City Office of Emergency Management and the Federal Emergency Management Agency to obtain

regular updates on the storm. On Sunday, 28 October, in response to forecasts of increased storm strength and intensity, the Mayor of New York City announced the closure of all bridges, tunnels and public transportation. On the basis of that information, additional staff were mobilized to support preparatory measures and damage control and to assist with the primary data centre at the United Nations complex.

III. Impact of the storm on Headquarters

13. Reflecting the effective preparedness measures taken, material damage to Headquarters caused by extensive flooding was contained to the third, fourth and fifth basement levels of the General Assembly, Conference, Secretariat and North Lawn Buildings. In addition to the loss of the digital printers that produced 95-99 per cent of all official documents, the inundation of the main chiller plant on the fourth and fifth basement levels and flood damage to the switchgear, transformers and distribution panels for the secondary chiller plant resulted in the loss of the cooling system. Following a shutdown of the steam service to Headquarters by the ConEdison utility company on Sunday, 28 October, Headquarters was also left without heating until Friday, 9 November.

14. On the evening of Monday, 29 October, the loss of the cooling system led to a temperature spike in the servers in the primary data centre on the second basement level of the North Lawn Building. To prevent irreparable damage to the equipment, an urgent shutdown was executed. Given the urgency of the shutdown, the failover of systems to the secondary data centre in Piscataway, New Jersey, was disrupted, resulting in the interruption of core information and communications technology services, although no data were lost. In this context, and to ensure that essential functions continued, the Crisis Operations Group decided to return all systems to the primary data centre on Wednesday, 31 October, a process that was completed by noon on Thursday, 1 November.

15. Disruptions to the host city and regional infrastructure restricted the ability of staff to gain access to Headquarters. This, combined with the significant damage to Headquarters, led to the subsequent decision to close the complex for normal operations from Tuesday, 30 October, to Thursday, 1 November. Nevertheless, essential functions continued. The Security Council met in the North Lawn Building on Wednesday, 31 October, and departments implemented recovery strategies to continue to support United Nations field operations. Some meetings were supported on Thursday, 1 November, including a plenary meeting of the General Assembly, and staff returned to the main building on Friday, 2 November.

IV. Main recommendations and action taken

16. The central lessons learned from the storm response embodied in the recommendations arising from the after-action review demonstrate the value of the organizational resilience management system approach, specifically the need for integrated emergency management planning, harmonized governance and response structures and forward behavioural change. As stated in paragraph 4, the after-action review was focused on five pillars and produced 25 recommendations to enhance

organizational resilience. The action taken to implement the recommendations reflects the central lessons learned.

Governance of the crisis management programme

17. Emergency management depends upon the timely identification of emerging risks that could disrupt operations and the ability of the Organization to take preparedness action to prevent and mitigate those risks and effectively respond to them through the integrated effort of all emergency management disciplines. The Secretariat has strengthened its capacity in this regard by enhancing its operational risk framework, regularly exercising the crisis decision-making structures and department recovery strategies and reviewing and updating emergency management plans, including the Headquarters business continuity plan, the pandemic preparedness plan and the information technology disaster recovery plan.

Information and communications technology

18. Information and communications technology, including connectivity and access to vital records, provides the scaffolding for the Organization's operations, meaning that any loss causes significant disruption. Under the auspices of the information technology disaster recovery plan, the list of enterprise-critical applications is validated, with corresponding failover tests conducted regularly. An internal communications strategy to keep all stakeholders informed about the status and availability of systems and services, during and after an event, is included in the information technology disaster recovery plan.

Physical infrastructure

19. The Headquarters complex was heavily damaged by flooding during the storm. Accordingly, the focus of physical infrastructure improvements has been remediation against future extreme weather events that could present a similar risk. To this end, storm preparedness practices were strengthened by updating extreme weather plans. Business continuity arrangements were reinforced by confirming processes to collaborate with Member States to accord priority to the availability of meeting services and examine standby arrangements for the use of equipment, facilities and services in the aftermath of an extreme weather event.

20. Physical infrastructure was also strengthened against flooding. The Engineer of Record of the capital master plan completed the assessment. Pursuant to the proposed mitigation actions detailed in the report of the Secretary-General on revised estimates relating to section 34 of the programme budget for the biennium 2012-2013 for remediation work in the aftermath of storm Sandy (A/67/748), the Office of the Capital Master Plan is proceeding to relocate some equipment to higher levels and to create water-resistant compartments to protect electrical components from potential future flood risk. Existing chilling capacity is sufficient to provide cooling for the primary data centre. To improve the sustainability of chiller plant functions, temporary chillers for the building are in place and have been protected from flooding. To protect fire safety systems, two new fire pumps — one automatic and one manual — have been installed on the second basement level. The associated electrical components for the chiller plants and fire safety systems have been relocated to the second basement level.

Communications

21. During a crisis, demand for information is great. It follows that the Organization must be able to communicate with all stakeholders — Member States, partner agencies, staff and contractors — to explain and gain support for its preparedness and response actions.

22. The impact of the storm on the Secretariat's information and communications technology systems and the local infrastructure posed particular challenges to successful communication. In response, the Secretariat has created a single emergency information website for staff and Member States, with integrated automated text messaging and e-mail functionality to provide subscribers with emergency alerts. The iSeek and United Nations websites have been made locally resilient so that they will be available even if the primary data centre is lost.

23. Given their importance, crisis communications were included separately in the organizational resilience management system following the storm. An updated crisis communications checklist has been developed, reflecting lessons learned during the storm response, and included in the organizational resilience management system playbook. The crisis communications mechanism and the timeliness of messages will be enhanced through the establishment of an emergency operations centre to support the Crisis Operations Group during events.

Support to staff

24. The Organization recognizes that supporting staff during a crisis is critical. To enrich staff communications, it has expanded the use of social media to communicate with staff during a crisis event and is encouraging staff to share their experiences. For example, the Emergency Preparedness and Support Team Facebook page is now used to regularly communicate key preparedness messages and as another means of transmitting emergency alerts. Under the maintenance, exercise and review programme for the organizational resilience management system, departments regularly exercise and test telephone tree communications.

25. As stated in paragraph 16, the after-action review process produced 25 recommendations to enhance organizational resilience. The table details the recommendations by pillar to enhance organizational resilience and provides a description of the action taken to implement them. Continuing actions have been integrated into the Headquarters improvement plan and have thus been mainstreamed into the emergency management programme.

Main recommendations and action taken

Recommendation	*Action taken*
Pillar 1: Governance of the crisis management programme	
1. The awareness of senior leadership and critical staff of the Crisis Operations Group and the Senior Emergency Policy Team regarding crisis management roles and responsibilities needs to be strengthened.	An orientation and training programme has been established for all new Crisis Operations Group and Senior Emergency Policy Team members and annual simulation exercises are being held.

Recommendation	*Action taken*
2. Mechanisms to assess risk should be reviewed.	An updated risk management framework has been produced and piloted.
3. Existing United Nations infrastructure and capacities should be leveraged in the event of a crisis.	In addition to telecommuting, accommodation options for the Crisis Operations Group and the Senior Emergency Policy Team have been identified that leverage system-wide United Nations infrastructure available in New York.
4. Contingency planning for major events should be reviewed.	The pandemic influenza preparedness plan and the business continuity plan for Headquarters have been updated. A business continuity plan for the Security Council is currently under consideration by Member States.
5. Periodic testing of the integrated emergency management framework is required.	The maintenance, exercise and review programme was approved by the Senior Emergency Policy Team in November 2013.
Pillar 2: Information and communications technology	
6. Failover of all critical systems in case of a shutdown of the emergency primary data centre should be automatic.	Failover tests of enterprise-critical systems have been established to validate, and automate, wherever feasible, existing recovery procedures.
7. A clear and consistent methodology to identify systems designated as critical should be implemented.	A draft methodology has been prepared to identify core information technology applications. A pilot is under way for validation.
8. The Citrix mobile office system should be fully backed up by the secondary data centre.	Mobile office functionality is fully backed up by the secondary data centre and tested regularly.
9. Communications plan to provide users with information about systems availability during crisis periods should be established.	An internal communications strategy has been included in the information technology disaster recovery plan.
Pillar 3: Physical infrastructure	
10. Storm preparedness practices should be strengthened.	Standard operating procedures for infrastructure preparedness in the event of storms and the capital master plan weather emergency plan have been updated.
11. An infrastructure assessment should be carried out.	The Engineer of Record of the capital master plan has completed the assessment.

Recommendation	*Action taken*
12. The sustainability of chiller plant functions should be enhanced.	Existing chilling capacity is sufficient to provide cooling for the primary data centre. Flood-protected temporary chillers for the building are in place.
13. Electrical and fire prevention installations should be reviewed based on lessons learned.	Two new fire pumps have been installed on the second basement level and associated electrical components relocated to the same level.
14. The process to prioritize the availability of meeting services should be confirmed.	Crisis protocols have been established for conference services to identify available meeting rooms and related infrastructure for priority meetings.
15. Functions or services deemed vital for the functioning of Headquarters should be identified and plans established to ensure business continuity.	Departments have validated their critical functions as part of the annual update of the business continuity plan at Headquarters.
16. Standby arrangements with vendors for emergency clean-up work, or for the use of equipment, facilities or services in the aftermath of an event, should be considered.	Procurement action to identify possible locations and lease negotiations is under way.
Pillar 4: Communications	
17. The creation of one emergency website should be evaluated.	The site has been deployed.
18. An enhanced crisis communications mechanism and checklist should be established.	An updated crisis communications checklist has been included in the organizational resilience management system playbook, an integrated response tool. An emergency operations centre will support the Crisis Operations Group during events.
19. Mechanisms to ensure timeliness of communications with target audiences should be put in place.	
20. Mechanisms to ensure effective communications with permanent missions in emergency situations must be established.	The list of e-mail addresses, fax and telephone numbers for emergency contacts at the permanent and observer missions is centrally maintained. Permanent and observer mission staff have also been encouraged to sign up for alerts on the emergency website.
21. Access to iSeek and key segments of the United Nations website should be ensured.	iSeek and the United Nations website (www.un.org) are locally resilient and available in the secondary data centre. The possibility of using the data centres in Brindisi, Italy, and Valencia, Spain, for global resilience is under review.

Recommendation	Action taken
Pillar 5: Support to staff	
22. Systems for staff communications by the Office of Human Resources Management in emergencies should be reviewed and enhanced.	Back-up systems for emergency bulletins have been enhanced and integrated into the emergency website.
23. Departments and offices should ensure that effective mechanisms to communicate with staff during emergency periods are in place.	All departments have developed and tested telephone trees to contact staff.
24. Support services for staff required to work in the Headquarters complex during emergency periods should be reviewed.	Requirements have been identified and sourced by the appropriate departments.
25. Measures to ensure processing of salaries during emergency periods should be established.	An emergency payroll process is in place.

V. Status of physical infrastructure remediation and mitigation activities

26. As discussed in paragraph 5 of the report of the Secretary-General on revised estimates relating to section 34 of the programme budget for the biennium 2012-2013 for remediation work in the aftermath of storm Sandy (A/67/748), robust coverage for the United Nations under two complementary insurance policies was in effect in October 2012 when the storm affected Headquarters and the surrounding region: a global property insurance for buildings managed by the Facilities Management Service (i.e. not related to the capital master plan) and the builders' risk insurance, which covered buildings and building materials under construction during the capital master plan.

27. Since the issuance of that report in February 2013, offices of the Department of Management have worked diligently and closely with the Organization's consultants and insurers to implement the remediation activities covered by the insurance programmes discussed above and to coordinate with the insurers to receive or plan for financial compensation for the damage. As at January 2014, the Organization had recovered $64.169 million in costs incurred for works relating to the storm and anticipates further recoveries, including up to $12 million in the next month.

28. In paragraph 10 of part IV of its resolution 67/254, the General Assembly authorized the Secretary-General to enter into commitments in the biennium 2012-2013 of up to $131.421 million to enable remediation work. By the end of that biennium, the Secretary-General had utilized $62.140 million for commitments relating to recoverable work linked to storm Sandy.[1] The achievement in insurance

[1] As distinct from the commitment authority authorized in respect of non-recoverable remediation works, which were reported upon in the context of the second performance report of the Secretary-General on the programme budget for the biennium 2012-2013 (A/68/628).

recoveries to date means that the Secretary-General requires no further authority to enter into commitments beyond the $62.140 million utilized in 2013. For 2014, the Organization can finance the remaining recoverable work relating to the storm from the reimbursed moneys that it has already received under its insurance programme.

29. In paragraph 13 of part IV of the same resolution, the General Assembly requested the Secretary-General, subject to the outcome of the insurance recovery efforts and the Secretariat's prioritization of equipment and other content whose replacement was essential, to make efforts to minimize expenditure by seeking efficiencies during the course of the remediation work. Those efforts are continuing and satisfactory progress is being made. The Secretary-General will report on the outcome when the process is closer to completion.

30. In addition to the recoverable remediation measures being carried out, and as presented in the report discussed above, the effects of the storm highlighted the need to mitigate the Organization's exposure to future damage to critical infrastructure, including the chiller plant, from flooding in the basement levels. Although such activities were not covered by insurance, it was considered prudent to implement key improvements in the basement levels to ameliorate risk in the event of another flood.

31. The overall scope of remedial activities following storm Sandy was formally established and communicated to the General Assembly in paragraph 11 of the above-mentioned report of the Secretary-General.

32. In addition, requirements of $6.063 million for mitigation measures, i.e. lessons-learned activities, were presented in paragraphs 19 and 20 of the same report. The Secretary-General, in his second performance report on the programme budget for the biennium 2012-2013 (A/68/628), stated that the full amount of $6,063,400 would be utilized. It is now confirmed that expenditure for the mitigation work amounted to $6,063,200, which represents (materially) complete utilization of the appropriated amount, under section 34, Construction, alteration, improvement and major maintenance, of the programme budget for the biennium 2012-2013.

33. As discussed in points 11-13 of the table in section IV, the Department of Management, through the combined efforts of the Office of the Capital Master Plan and the Office of Central Support Services, developed a programme of action to relocate some equipment above the revised floodplain level and to create water-resistant compartments to protect electrical components in the event of a flood in the future.

34. Notable achievements to date include the repairs to the cooling system. During the course of repair work to the chiller infrastructure, it was necessary to provide backup chilling capacity. Temporary chillers were installed for this purpose in locations that were protected from flooding. In addition, and as summarized in section III, two new fire pumps were purchased and installed on the second basement level. Associated electrical components have been relocated to the second basement level.

35. To undertake the post-storm remediation and mitigation work, the Department of Management took advantage of the Organization's established business model and is achieving operational efficiency by using existing contracts awarded by the United Nations through a competitive bidding process. At the inception of the

capital master plan, the Secretariat selected a business model whereby a single construction manager would be responsible for the overall project deliverables. Since the selection and award of the construction management contract to the construction manager, the Secretariat has subsequently followed that model and awarded more than 20 guaranteed maximum price contracts, each consisting of dozens of competitively bid contracts. Several hundred such contracts have been executed and audited under the Organization's contracts with Skanska. The work includes the guaranteed maximum price contracts for the basements, which are being used to perform most of the post-storm work through established contract amendment mechanisms. All change orders for the chiller plant repairs and other repairs relating to storm Sandy are being submitted by vendors that have already previously been selected through the competitive process and therefore do not require a new selection process.

36. The construction manager of the capital master plan performs continuing services and serves as a vehicle for the procurement of equipment and labour by using its network of subcontractors. When changes in scope occur either as a result of unforeseen conditions (such as storm damage) or client requests, there is a mechanism to adjust the construction manager's contract accordingly. This is the process that is being followed for the post-storm works. This arrangement helps to mitigate additional mobilization costs that would be incurred if the Organization contracted new vendors. To maximize recovery of costs under the insurance policies, the Secretariat is working with the claims experts to present and recover impact costs from the insurance companies. All change orders for post-storm works have been reviewed by the Headquarters Committee on Contracts.

37. Similarly, several architectural, engineering and other professional firms have been selected through a competitive process and subsequently issued with contract amendments to reflect developments relating to the capital master plan over the past several years. They too are being tasked with performing post-storm services as amendments. For reasons of professional responsibilities, cost and time, this procurement process was continued to address remedial requirements arising from storm Sandy.

38. As at January 2014, approximately 81 per cent of the contracted remediation work had been completed, with full completion expected by the end of May 2014.

39. Construction remediation works planned but not yet under contract include the following activities:

(a) Modifications to the building management system required for the chiller plant and modular chiller system;

(b) Third basement level of the Conference, Secretariat and South Annex Buildings:

(i) Repairs to the security system;

(ii) Raising of air handling units;

(iii) Replacement of electrical equipment;

(iv) Repairs to plumbing systems;

(v) Replacement of the coiling doors for the service drive;

(vi) Electrical work associated with elevators;

(vii) Restoration of doors, walls and floor finishes;

(c) Emergency and temporary work: removal of temporary chillers for the service drive.

VI. Risk mitigation through the insurance market

40. In paragraph 17 of part IV of its resolution 67/254, the General Assembly requested the Secretary-General to closely monitor the insurance market, including all means of risk mitigation, with a view to securing adequate coverage at a reasonable cost for all United Nations installations exposed to natural hazards and emergencies and to report thereon.

41. The Secretariat has a dedicated team of risk management professionals located in the Insurance and Disbursement Service of the Accounts Division. It is tasked with ensuring that the insurance requirements of the Secretariat are efficiently and optimally fulfilled. It is continually engaged to ensure that it provides comprehensive coverage at the best value for money for the Organization, while also attentively monitoring outstanding claims.

42. To achieve the above, the team works with its insurance brokers to reach out to international insurance markets to disseminate information about United Nations operations and insurance requirements and to encourage greater participation in the Organization's insurance programmes. This includes providing periodic presentations detailing the risk exposure and safety and risk mitigation procedures to existing and potential underwriters. The information allows the insurers to more accurately assess the risk profile, thus increasing their comfort level and interest in participating in United Nations programmes. For example, the feedback received for the vehicle safety presentations and the aviation operations overview has been very favourable. Face-to-face meetings with a number of underwriters from varied markets to discuss the aviation liability exposure contributed to a greater interest in the programme, allowing the Organization to lock in favourable rates with multi-year renewal commitments.

43. The insurance brokers' experts on different markets use their deep industry knowledge and experience, together with their understanding of the requirements of the Organization, to conduct a comprehensive marketing exercise before every insurance policy renewal. The brokers provide valuable insights into the state of the insurance markets. The timely market information allows the Organization to make well-informed operational decisions, such as locking in rates with multi-year policies when the insurance market is soft and prices are expected to rise in the future or negotiating more favourable terms for the insurance policies. Having expert focal points covering varied markets at different brokers allows the Organization to promptly respond to new and urgent requirements.

44. In recent years, a number of efficiency gains and improvements have been introduced, including:

(a) The elimination of a full reconciliation provision in several policies has reduced the administrative overhead for both the United Nations and the insurers (e.g. move to a lump-sum payment for the insurance of the shipments of the Organization);

(b) Broadened coverage under the malicious acts insurance policy to include nuclear, chemical and biological terrorism risks at no additional cost;

(c) For foreign auto third-party liability coverage, the most cost-effective solution is sought through the worldwide vehicle insurance programme, which allows the Organization to either purchase primary coverage or excess/difference-in-condition coverage in conjunction with a primary local policy. In several countries, the option of purchasing a primary local policy, supplemented by the excess/difference-in-condition coverage under the worldwide policy, turns out to be the most cost-effective solution.

45. In some instances, the risks themselves have been mitigated, thus reducing the level of insurance protection required. The changes relating to the capital master plan have resulted in a lesser risk under the terrorism policy for Headquarters. Repairs to the complex in the aftermath of storm Sandy incorporate mitigation changes that lessen the potential impact of flooding. Loss-control mechanisms have been put in place over the years to improve road safety and in turn reduce the frequency of road traffic accidents. Those mechanisms include a global road and driving safety policy, a traffic safety advisory committee, driver testing and electronic vehicle monitoring systems. Coverage under the malicious acts insurance policy is contingent upon compliance with the Organization's security guidelines and procedures.

46. The insurance policies often include other organizations of the United Nations common system, as appropriate, to achieve economies of scale.

Forms of self-insurance in use by the Organization

47. The Organization currently self-insures against the following risks based on statistical models developed internally with historical information:

(a) A reserve fund was established to cover third-party injury, death or damages to property occurring at the Headquarters complex. Under section 32, Special expenses, of the programme budget, a contribution of $200,000 per biennium is made to the dedicated reserve;

(b) The Organization self-insures the risk for its health insurance and workers' compensation programmes through health insurance reserves funded by both the participants and the Organization, workers' compensation reserves funded from a staff-costs-based accrual for extrabudgetary resources and through the programme budget under section 32, Special expenses, for the workers' compensation scheme;

(c) The malicious acts insurance policy is an inter-agency programme that provides coverage to personnel from participating organizations for death or injury as a result of a malicious act. It currently maintains an annual deductible of $2 million that is shared by all 30 participating organizations and is used to settle the first claims up to $2 million. The deductible, a form of self-insurance, is administered by the Secretariat and any unused portion thereof is returned to the participating organizations;

(d) The Organization is self-insured with regard to physical damage sustained by its vehicles. Any repair or replacement cost for physical damage is borne by the respective mission or office.

48. The Secretariat could consider moving, over time, some additional risks to self-insurance mechanisms, which may lead to savings. This approach would, however, require building up corresponding reserves. The following types of risk could bear a higher amount of self-insurance:

(a) The mobile equipment policy provides coverage for third-party bodily injury and/or property damage by mobile equipment when the legal liability of the United Nations has been established. Considering the low probability of the risk, this policy could be covered through a reserve fund similar to that established to cover third-party injury, death or damages to property occurring at the Secretariat complex in New York;

(b) The introduction of higher deductibles for policies that currently do not have a deductible or have a low deductible, and which have had infrequent losses over the years, would increase the reliance on self-insurance. While continuing to self-insure against catastrophic or significant losses, the United Nations would also self-insure against the risk of small to medium losses. The cash-in-transit and master aviation liability policies could fall under this category;

(c) For insurance policies with a very low frequency or probability of high-severity claims, the United Nations could consider lowering upper insurance limits if it had an adequate reserve to be drawn upon for significant losses beyond the upper limit and if the corresponding premium reduction was found to be cost-effective. The worldwide auto liability policy has a limit of $2 million per occurrence. Given that most of the claims are of a small nature, and considering that significant claims remain mostly under $500,000 and that the upper limit has never been reached, a reduction to the upper limit could be explored at the next renewal.

49. A captive insurance company provides risk-mitigation services for its parent entity as an alternative to obtaining coverage directly from insurance companies, usually when an organization is unable to find an insurer for a particular business risk at an acceptable price. In addition, the use of such a company usually allows direct access to the reinsurance market and provides tax incentives for commercial organizations. The latter would not be relevant for the United Nations.

50. Establishing and running a captive insurance company to a degree mirrors operating an insurance company, including complying with applicable regulations. For example, it is necessary to maintain a required capitalization, to utilize underwriting and set market premium rates and to secure board membership. While the mechanism may be well suited to a number of commercial corporations, some of the requirements would pose legal challenges to the Organization and would generate costs that might outweigh the savings. A captive insurance company intended to cover risks with significant exposure would be required to have sufficient capital to underwrite such policies.

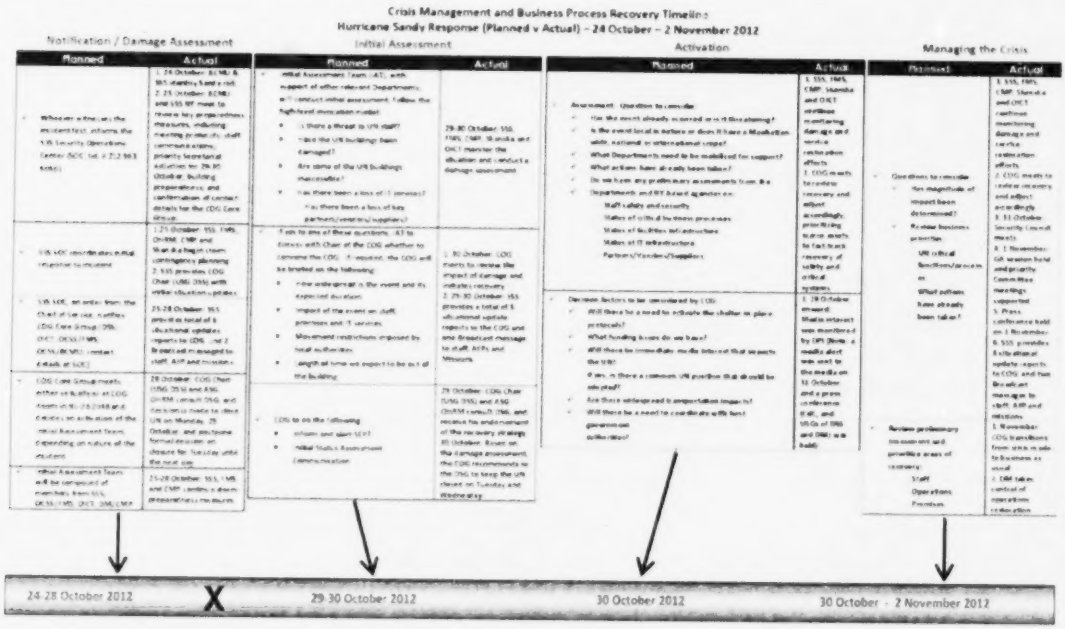
51. In consideration of the administrative requirements and cost, the need for substantial capital and the specificities of the United Nations that lessen the potential benefits of such a mechanism, the use of a captive insurance company does not appear, at this time, to be in the best interest of the Organization.

VII. Action to be taken by the General Assembly

52. **The General Assembly is requested to take note of the present report.**

Annex

Crisis management and business process recovery timeline: storm Sandy response (planned versus actual)



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Strategic capital review

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 65/259, section III, wherein the General Assembly endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions set out in its report (A/65/518) in respect of overseas property management.

The report describes progress made in the development of a long-term capital programme and prioritization strategy for the global premises of the United Nations Secretariat since the issuance of the report of the Secretary-General on overseas property management and construction projects in progress (A/65/351). This initiative is known as the strategic capital review.

The Secretary-General presents an overview of the review, including a summary of the first phase and its findings, an update on current progress on the second stage, as well as defining the next steps on developing a strategy, which will maintain effectively the facilities of the United Nations Secretariat with a long-term perspective. The report also describes a prioritization strategy which will define the requirements and sequencing for major maintenance, alterations and improvements, as well as new construction projects over a long-term horizon.

The General Assembly is requested to take note of the report.

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I. Introduction

1. In accordance with General Assembly resolution 65/259, the Secretary-General presents his report on the progress of the strategic capital review. The present report includes the preliminary findings of the review and sets out the details of a 20-year capital programme and prioritization strategy for the global premises of the United Nations Secretariat. The strategic capital review is being coordinated by the Overseas Properties Management Unit Office of Central Support Services in close coordination with the International Public Sector Accounting Standards (IPSAS) project team and the Umoja project team to ensure alignment in policies relating to real estate management.

2. In its related report (A/65/518), the Advisory Committee on Administrative and Budgetary Questions emphasized the importance of better projection of midterm and long-term Organization-wide needs, including financial requirements for the maintenance of existing facilities and new construction projects, in order to enable an adequate overview and long-term perspective. The Committee also noted that the lessons from the capital master plan clearly demonstrated the need for developing an alternative long-term funding methodology to cover the costs of facilities maintenance.

3. The goal of the strategic capital review is to accurately forecast capital requirements over a long-term horizon in order to properly maintain the facilities in accordance with industry norms and standards. The 20-year capital programme and prioritization strategy will be updated during each budget cycle for changes in the real estate portfolio of the Organization, amendments in relevant building codes and other regulatory requirements so that it remains a current, up-to-date rolling programme of activity.

4. The strategic capital review will identify capital projects for maintaining existing facilities on a prescriptive basis with cost estimates and will create a stronger link between two key mandates of the Office of Central Support Services: (a) providing technical guidance and advice for the planning and implementation of construction projects; and (b) establishing policy, guidelines and procedures for property management. Maintaining property value will become a more central objective of capital planning, and budgeting for capital improvements will therefore be more closely linked to asset management, which will be further enhanced by the implementation of Umoja.

5. By establishing a long-term capital programme, with accurately forecast future requirements, the Secretariat will create a robust foundation for capital programme planning, and the General Assembly will be better able to understand the medium- to long-term resource requirements and determine the most appropriate funding profile for Member States. For example, the General Assembly might decide that Member States should contribute advanced funding in order to accumulate a capital reserve to meet the cost of future capital projects, whether for major maintenance, alterations or improvements. This approach to funding capital expenditure has the benefit of "normalizing" resource requirement patterns for major maintenance, alterations and improvements in the long term.

II. Approach to the strategic capital review

A. Background

6. The strategic capital review aims to put in place a long-term capital programme for the United Nations Secretariat, including its premises in Addis Ababa, Bangkok, Beirut, Geneva, Nairobi, New York, Santiago and Vienna. Subregional offices at the economic and social commissions are not included in the scope of the detailed building assessment analysis undertaken as part of the review, as typically those locations are leased properties. However, requirements at those locations will be included in establishing the overall capital programme.

7. A detailed description of the premises at each location, including compound size, insurance value and year of construction, is provided in the annex to the present report. This constitutes an overview of the real estate portfolio of the United Nations Secretariat, and is summarized below.

8. At the Economic Commission for Africa (ECA) in Addis Ababa, the total area of the buildings at the United Nations compound is 109,720 m^2. There are 10 buildings, the oldest building having been constructed in 1961 and the newest building, scheduled for completion in 2014. At the Economic and Social Commission for Asia and the Pacific (ESCAP), in Bangkok, the total area of the buildings is 99,989 m^2. There are three buildings, which were constructed in 1975 and 1993. At the United Nations Office at Nairobi, the total area of the buildings is 79,218 m^2 (built area). There are nine groups of facilities; the oldest was constructed in 1975 and the newest in 2011. At the Economic and Social Commission for Latin America and the Caribbean (ECLAC), in Santiago, the total area of the buildings is 25,415 m^2. There are nine buildings, the oldest was constructed in 1966 and the newest in 2013, the compound having recently been renovated as a result of earthquake damage.

9. Approximately 45 per cent, that is, 28 of the 69 buildings occupied and managed by the United Nations, are more than 35 years old, which is more than halfway through their expected useful lives. This is the point at which building deterioration and obsolescence begin to accelerate. Consequently, these buildings require increased costly major maintenance to remain usable.

10. The useful life of a typical building and its infrastructure is illustrated in table 1 below, which sets out an analysis of components and subcomponents in relation to their useful life and percentage of value to a whole building.

Table 1
Useful life of building components for a typical office building

Component	*Subcomponent*	*Maximum useful life (years)*	*Component value as percentage of total value of asset*
Exterior	Foundation and basement	25-50	32.0
	Superstructure	25-50	
	Exterior closure	25-50	
Roofing	Roofing	20	3.0
Interior	Interior construction, staircases and finishes	20	32.0
Services	Conveying systems	25	3.0
	Plumbing	25	6.0
	HVAC	25	9.0
	Fire protection	25	2.5
	Electrical and low voltage	25	12.5

11. The historical practice for the United Nations Secretariat has been to undertake discretely approved major capital projects whether for rehabilitation work or other subsequent needs, such as expansion or updating to code compliance, for example, at ECA, the United Nations Office at Geneva, the United Nations Office at Nairobi and ECLAC.

B. Key objectives

12. The following key organizational objectives underpin the methodology for establishing a strategic capital investment plan for the Organization. They help to ensure that all United Nations properties provide healthy and safe environments for occupants and visitors over the long term. The key objectives include but are not limited to the following:

(a) To maintain the property value of United Nations premises, especially related to building life-cycle replacement;

(b) To meet industry norms related to health and safety issues, including fire and life safety planning and systems design, fire suppression, fire alarm and fire exit planning;

(c) To meet industry norms relative to facilities preparedness and design against potential natural disasters and emergency situations, such as earthquakes, tsunamis and hurricanes;

(d) To comply with the Convention on the Rights of Persons with Disabilities regarding facilities accessible to persons with disabilities;

(e) To ensure that hazardous materials are removed from facilities;

(f) To improve space usage efficiency by maximizing use of available office and conference space and minimizing sizes of building support spaces;

(g) To modernize outdated major building systems, including mechanical, electrical, low-voltage electrical, plumbing and conveying and vertical transportation, in order to meet industry norms;

(h) To move towards more energy efficient facilities, specifically by reducing energy consumption, fresh water consumption, use of non-renewable material resources and waste generation, and improving atmospheric and indoor air quality;

(i) To preserve, and, if necessary, restore heritage-specific assets;

(j) To keep disruption of the work of the United Nations to a minimum, and to otherwise ensure business and operational continuity throughout any project implementation.

13. The objectives formed the basis for establishing guidelines in order to ensure a consistent approach to collecting and reviewing information. These guidelines became the benchmark for identifying existing information on building infrastructure and policies that relate to facilities management.

C. Scope

14. The strategic capital review has been divided into three phases. Phase 1 focuses on establishing a framework for data collection. Phase 2 comprises data collection and development of local capital plans, which primarily addresses ECA, ESCAP, the United Nations Office at Nairobi and ECLAC.

15. Phase 3 comprises the development and establishment of a benchmark for the overall rolling capital plan of the Organization. During phase 3 all owned properties that are considered under the facilities management of the Secretariat will be incorporated into the overall rolling capital plan. It will include the United Nations Headquarters in New York, the International Criminal Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda, and the new facility for the International Residual Mechanism for Criminal Tribunals, currently in the planning stages in the United Republic of Tanzania.

III. Progress on implementation

A. Phase 1

16. Phase 1 of the review, which began in May 2012 and was completed in December 2012, established the framework and work methodology of the review, which included defining key organizational objectives for capital improvements and developing a method for assessing projects. Headquarters and all offices away from Headquarters were involved in phase 1. Each office location uploaded available information on an Internet data exchange platform. The Overseas Properties Management Unit reviewed all available information, including assessments of prior building and premises conditions.

17. The offices involved in phase 1 provided information related to the general description of the premises, including architectural, structural, services and utilities information, fire protection, life safety, accessibility, heritage, functionality, space

management, budget, energy and water consumption, maintenance, security and surveillance.

18. This phase included close coordination with the substantive offices involved in the implementation of IPSAS and the enterprise resource planning project, Umoja, focusing particularly on the inventory of real estate assets and the format for planning and recording capital projects. This is particularly important owing to the requirement for property values to be reported in the financial statements of the Organization, and hence for records on capital improvements to be updated continuously and accurately.

19. A detailed list of activities undertaken in phase 1 is as follows:

(a) Establishment of the framework and methodology of the strategic capital review;

(b) Confirmation of the overall scope of the project;

(c) Detailed definition of the key objectives as herein defined and established for capital improvements at United Nations facilities;

(d) Establishment of standardized methods for data collection for United Nations-owned properties, including:

(i) Establishment of a data exchange platform;

(ii) Development of a standardized framework for collecting data on a rolling basis for comparison purposes;

(iii) Production of a generic scope of work to be used to engage local consultants, inclusive of guidelines, so that comprehensive assessments of the condition of buildings and premises can be undertaken in a uniform manner at each office location;

(e) Development of a preliminary method for establishing project evaluation and assessment using common criteria based on the key organizational objectives;

(f) Examining alternative industry standard funding mechanisms to best support a long-term maintenance programme.

B. Phase 2

20. Phase 2, which is currently under way, comprises the data collection phase being conducted by offices away from Headquarters in accordance with key organizational objectives. Phase 2 involves the offices where the premises are fully owned by the United Nations: Addis Ababa, Bangkok, Nairobi and Santiago. These offices are currently conducting a conditions and operational assessment based on the guidelines provided, which includes a detailed review of physical and operational characteristics of the facilities, such as architectural, structural, services and utilities, energy efficiency, fire protection, life safety, accessibility, heritage, functionality, space utilization, budget, maintenance and security measures. The outcome of this phase will establish a benchmark based on best practice to systematically conduct assessments on a periodic basis in order to maintain accurate facilities data.

C. Phase 3

21. Phase 3, which is scheduled to commence in 2014, is the final phase of the strategic capital review. The Office of Central Support Services, in coordination with the offices away from Headquarters and the regional commissions, will provide findings and concluding recommendations, including a 20-year capital maintenance programme, a database to be used for monitoring and reporting on facilities' and project performance, and a finalized project prioritization methodology, for updating the rolling programme.

IV. Preliminary findings of phase 1

22. The findings reached at the end of phase 1 have been used to guide the next phases, with allowance for the fact that inconsistency of the data or lack of available information currently at each office remains a major challenge to fully assess the current maintenance requirements. Forecasting and reporting on the capital maintenance investment needs can be realized only upon the completion of the buildings and premises assessments, forming the core activity for phase 2, which is currently ongoing. As noted above, the data being gathered will be analysed during phase 3 and is the stage at which the existing facilities can be evaluated against each other.

23. Phase 1 has shown that if separately funded multi-year construction projects are set aside, the United Nations Secretariat currently "invests" less than 1 per cent capital relative to property value on an annual basis, as compared to industry best practice, which is 2 per cent to 3 per cent per year. In addition, a simple calculation of depreciation of value due to normal usage (without the requisite capital reinvestment) of a 50-year building is 2 per cent per year. The Office of Central Support Services considers that the current reactive approach to capital maintenance represents an underinvestment in buildings and premises and results in the progressive and rapid deterioration of the currently owned assets.

24. Although the final outcome of the strategic capital review will be the establishment of a comprehensive analysis of future capital projects and the related costs, phase 1 indicates that in order to move away from the current reactive approach to capital maintenance, the regular programme budget for maintenance alterations and improvements would need to increase in future bienniums, if industry norms are to be taken as the benchmark.

A. Sequencing of major capital expenditure projects and other construction activity

25. The Secretariat is guided by General Assembly resolutions 66/247, 67/254 and 68/247 regarding sequencing of major capital expenditure projects, wherein the Assembly reiterated that the Secretary-General must ensure that major capital expenditure projects are not implemented simultaneously in order to prevent the need to finance and supervise them at the same time.

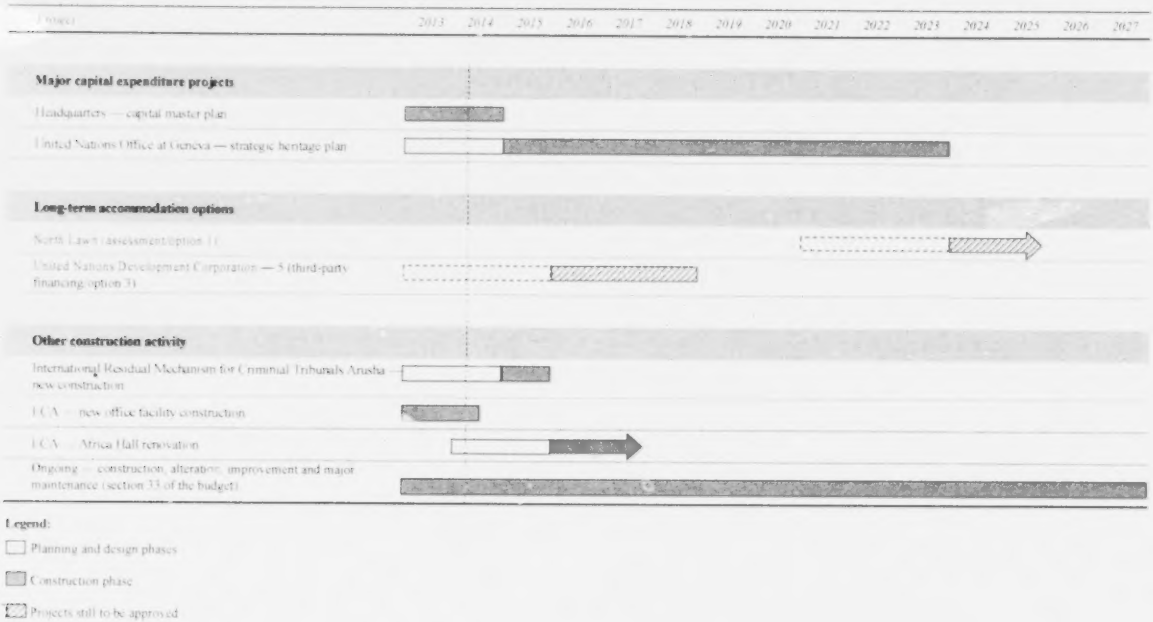
26. The capital master plan, the strategic heritage plan and the North Lawn assessment option presented within the study on the long-term accommodation needs at Headquarters are commonly considered the principal major capital

expenditure projects. However, it should be recalled that other construction projects, although significantly smaller in scale, are currently being undertaken, including the construction of the new office facility at ECA, the design stage of the renovation of Africa Hall and the new facility for the International Residual Mechanism for Criminal Tribunals, Arusha Branch.

27. Table 2 below presents the ongoing major capital expenditure projects as well as the other construction activity currently under way and/or under consideration by the General Assembly.

Table 2

Sequencing of major capital expenditure projects and other construction work: projected timeline, 2013-2027



28. Early indications of potential future capital projects are becoming apparent as a result of the completion of phase 1 and the preliminary analysis being undertaken in phase 2. Projects are being identified to address health and safety concerns for staff and visitors, and to extend their useful building life expectancy. Early indicators have identified several projects where remedial action would benefit the Organization and its long-term management of owned properties. These include the ESCAP secretariat tower, where fire safety, seismic, window replacement and space usage efficiency will need to be addressed. At ECA, the old office building and expansion office building have already revealed significant challenges in terms of fire safety standards, infrastructure and space efficiency. At the United Nations Office at Nairobi, the so-called old blocks, which were originally built as temporary buildings more than 30 years ago, are in need of either replacement or renovation.

B. Project prioritization

29. A preliminary prioritization methodology has been developed using evaluation criteria to identify proposed major maintenance, alterations and new construction projects that may be required over the next 20 years at each office away from Headquarters. The methodology gives utmost consideration to projects that require compliance with local and international regulations associated with health and safety, security, accessibility, energy efficiency and space utilization efficiency goals, and seeks to use resources effectively for projects which are prioritized as requiring urgent, medium-term and long-term action in line with the organizational objectives.

30. The methodology has been developed to include three main steps:

- Project identification
- Project scoring
- Recommendation of priority level

31. The recommended prioritization level will be determined by a technical committee.

32. Standardized procedures for capturing data and for project planning have been established to support the project prioritization methodology so that prospective projects may be compared and evaluated on a consistent basis. The standard procedures allow for projects to be classified according to expenditure type, project type (for example, space management, standards compliance, major maintenance) and work discipline (such as civil works, enclosures, finishes, conveying systems, HVAC, fire protection and electrical systems).

33. The established standard procedures also include a cost-benefit analysis.

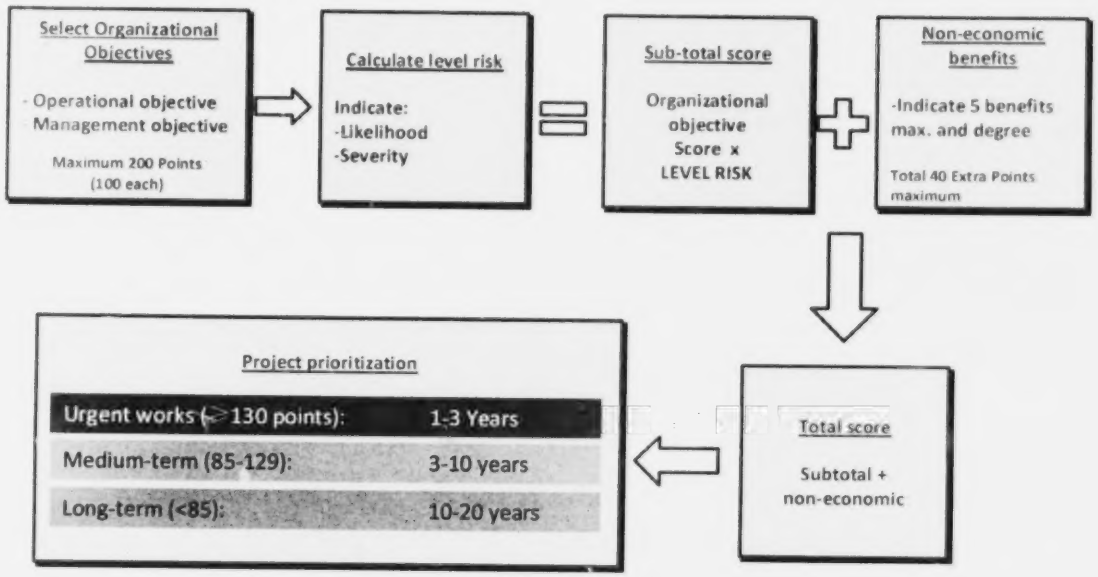
34. A set of common criteria has been developed for the project scoring (evaluation) in order to ensure that the same methodology is used for all projects identified at each office. First, the project is rated to meet the organizational objectives. This is followed by a risk analysis to quantify the potential impact of risk through the likelihood of occurrence and the severity of the consequences. The final result of the priority criteria will be based on the sum of the score for organizational objectives, a reduction owing to the risk level and extra points for any non-economic benefits. The maximum score will be 200 points based on the organizational objectives and 240 points after adding any extra points.

35. The priority level of the project is determined by the maximum score, and will be directly related to the implementation programme as follows:

- Urgent works (>130 points): 1 to 3 years
- Medium-term actions (85-129 points): 3 to 10 years
- Long-term actions (<85 points): 10 to 20 years

36. The project prioritization process is shown in the schematic overview presented in figure I below.

Figure I
Project prioritization process



C. Historical maintenance and industry norms

37. The Office of Central Support Services has examined alternative industry standard funding mechanisms that would best support a long-term maintenance programme for all United Nations Secretariat facilities. This was also an effort that supported project sequencing and prioritization, to avoid the occurrence of having multiple large projects within the same budget period.

38. The outcome of phase I revealed that capital investment to date has been reactive and therefore irregular. According to industry standards and best practices, 2-3 per cent of a property's value should be used as a starting point for "annualized" maintenance budgets to be invested in maintaining facilities.

39. If the approved resources under the programme budget, "major maintenance, alterations and improvements" are solely considered, it can be seen that regular budget provisions are less than 1 per cent. Moreover, it should be noted that "major maintenance, alterations and improvements" has evolved to include other types of expenditure that are capitalized, such as security enhancements and information technology. It is appropriate to classify these activities as capital expenditure, but they do not necessarily increase property value or, more importantly, extend useful life or significantly increase the serviceability of a property.

40. As previously reported by the Secretary-General in his report on facilities management (A/54/628 (para. 24)), a nominal figure of a low of 2 per cent, a 3 per cent median and a high of up to 4 per cent would be comparable to industry standards. During the year in which the report was issued, capital funding levels were at roughly 0.88 per cent of property value, which was below the industry

standard for the low-end figure of 2 per cent per year. In its report (A/55/7 and Add.1-10), the Advisory Committee on Administrative and Budgetary Questions noted that the current effective level for major maintenance expenditures at United Nations-owned buildings is well below the minimum recommended industry standards.

41. Table 3 below sets out an indicative comparison of the overall value of the United Nations properties to the resources approved under the programme budget for the biennium 2012-2013 and the biennium 2014-2015 in respect of major maintenance, alterations and improvements.

Table 3
Maintenance reinvestment rate for the period 2012 to 2015
(Thousands of United States dollars)

Duty station	*Property values (2012-2013)*[a]	*2012-2013 appropriation*	*Maintenance reinvestment rate (annual)*	*Property values (2014-2015)*[b]	*2014-2015 estimate*	*Maintenance reinvestment rate (annual)*
United Nations Headquarters	1 399 311.48	17 622.10	0.6	1 326 029.34	17 667.80	0.7
United Nations Office at Geneva	1 191 306.02	19 839.00	0.8	1 191 306.02	15 218.60	0.6
United Nations Office at Vienna	93 016.39	3 717.10	2.0	93 016.39	3 438.20	1.8
United Nations Office at Nairobi	106 857.85	6 363.20	3.0	61 846.08	6 734.60	5.4
ESCAP	117 962.70	3 638.90	1.5	111 361.38	2 836.00	1.3
ECLAC	136 600.00	2 484.40	0.9	15 830.67	2 535.50	8.0
ECA	237 811.56	4 102.20	0.9	84 800.46	4 936.10	2.9
Total	**3 282 866.00**	**57 766.90**	**0.9**	**2 884 190.34**	**53 366.80**	**0.9**

[a] Property values for the biennium 2012-2013 are insurance values as reported in A/66/6 (Sect. 34).
[b] Property values for the biennium 2014-2015 are depreciated replacement costs from the offices away from Headquarters valuation exercises in 2013-2014.

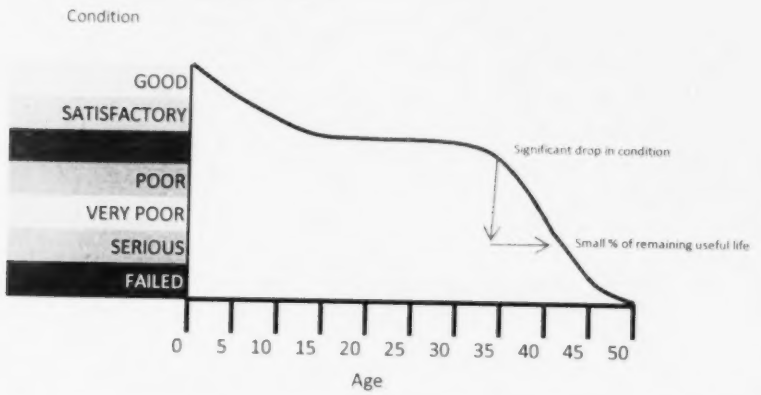
42. As shown above, the approved programme budget resources for major maintenance, alterations and improvements are consistently below what would be considered industry standards in recent years. The low levels of maintenance activity over time have led to the accumulation of deferred or postponed maintenance work, resulting in the deterioration of buildings, the requirement for emergency repairs and the need for periodic large-scale construction projects. Taking into consideration the administrative processes required to enter into design and construction contracts, the time frame to address reactive repairs is often longer than desired, leading to deteriorating conditions. In extreme cases, where required capital improvements have been deferred over time, large-scale projects then often take multiple years to complete, exposing the organization to greater risk than would otherwise have been necessary had the required work been undertaken in a phased, planned manner.

43. In future, using Umoja, facilities managers will be able to record automatically the lifecycle replacement schedules of major building components, and preventative/operational maintenance schedules of building components. They include roofs, electro-mechanical systems and interior construction. This automation tool will

significantly reduce the likelihood of long-term neglect of these activities, thereby increasing overall building performance and maintaining property value.

44. The impact of deferred maintenance is illustrated in figure II below. If maintenance is deferred over time, the effect of investment is diminished once the building condition deteriorates too far. In some cases, repair is not technically feasible or cost effective, resulting in the requirement for a major renovation.

Figure II
Impact of deferred maintenance

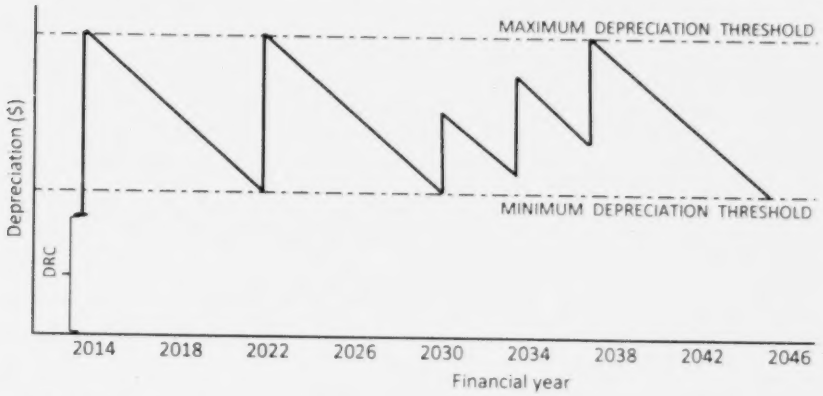


45. One of the recommendations emanating from phase 1 of the review is to establish a target minimum depreciation threshold for buildings owned and operated by the Organization, so as to avoid deterioration beyond the point where major capital expenditures for complete renovations are required. This level of reinvestment is proposed based on industry standards and best practices of facilities management taking into consideration the needs of the Organization. Renovated assets under construction are recorded separately in the balance sheets, and only capitalized to the underlying asset when taken into service.

46. The proposed target minimum to be maintained is 25 years of a building's remaining useful life. This means that for a building over 25 years old and with an assumed total useful life expectancy of 50 years, there should be enough capital invested and improvements performed over time to increase its property value and extend its remaining useful life to 25 years, without undertaking a major capital project to do so. A graphic illustration of this is shown in figure III below.

Figure III

Capital investment: for keeping buildings within prescribed remaining useful lives



47. The strategic capital review proposes firstly to accurately predict and estimate capital requirements, and once this is established, to present possible funding alternatives for consideration by Member States. The aim would be to identify mechanisms that better reflect the multi-year nature of capital projects, and serve to minimize or dampen fluctuations in capital expenditures levels that are experienced in a reactive approach. The review would also seek to reduce costs, though efficiency measures such as reductions in energy consumption, and in the reduction of overall space required through the more efficient use of existing space, which should reduce overall costs to Member States.

48. One option to be examined further, in due course, would be the creation of a separate, multi-year capital reserve fund, separate from the biennial programme budget resources approved under major maintenance, alterations and improvements. Such a capital reserve fund would cover only capital investment in fixed assets and would not be used for routine maintenance operations or expansion plans. Such a fund could be created from multiple sources, including voluntary contributions, miscellaneous income and rental income.

49. It is noted that the establishment of a capital fund was recommended by the Joint Inspection Unit in its report number 2001/1 on the management of buildings, based on a review of industry best practices.

V. Project planning and lessons learned

50. In parallel to the development of the strategic capital review, and in preparation for the projects that may be funded and prioritized as a result thereof, and as part of an ongoing effort to link practical project management procedures with organizational best practices, the Office of Central Support Services has begun to develop guidelines for management of projects, specifically for major construction projects at offices away from Headquarters.

51. Although the guidelines are currently at a formative stage, they take into consideration resolution 64/243, in which the General Assembly requested the Secretary-General to ensure that its relevant resolutions are strictly followed,

especially the ones on procurement when developing comprehensive administrative and technical procedures, and management and construction project guidelines for the implementation of future construction and major maintenance projects, and to draw upon the relevant lessons learned through the planning and implementation of the capital master plan.

52. The guidelines will enable offices of the United Nations Secretariat to manage major construction projects more effectively and will provide a holistic approach guiding action in the various areas of project management within the context of United Nations organizational processes, and are being structured to follow the project phases of a major construction project, while highlighting the relevant organizational processes in each phase, including in the areas of procurement, administration and legislation.

53. The lessons learned from recent major capital projects undertaken by the Organization, in particular the capital master plan, are being highlighted in the guidelines and will be taken into consideration when planning major capital investment projects in the future. These include, but are not limited to, the following:

(a) There is a need to establish adequate project management at the beginning of a major capital project, inclusive of senior level leadership and a disciplined and formal governance structure;

(b) The project scope must be defined and agreed by all stakeholders at the onset, and scope and budget containment and tracking procedures incorporated early on, to assure a project is delivered on schedule and within budget;

(c) A holistic budgeting process must be undertaken to include all project costs;

(d) A clear procurement strategy should be part of the initial project planning stage, using an appropriate model that minimizes project risk while ensuring cost and delivery;

(e) An effective change management procedure and control needs to be effected prior to the start of project construction, as change during construction poses risks to both the schedule and budget;

(f) Project risks must be periodically assessed, risk mitigation incorporated, and adequate budget and non-budgetary contingencies provided to cater for unforeseen situations.

54. The ongoing overall role of the Office of Central Support Services in relation to project management and facilities management is to coordinate and provide technical guidance, advice and support to the overseas duty stations or offices away from Headquarters. Ownership and primary management responsibilities, however, must continue to be assumed by the local office where the major capital project is being undertaken.

VI. Governance and long-term property management

55. The overall responsible office for the strategic capital review and for ongoing development of capital budgets is the Office of Central Support Services, in the Department of Management. Management of the implementation of capital projects

will continue to be undertaken within the delegated administrative authority of offices away from Headquarters.

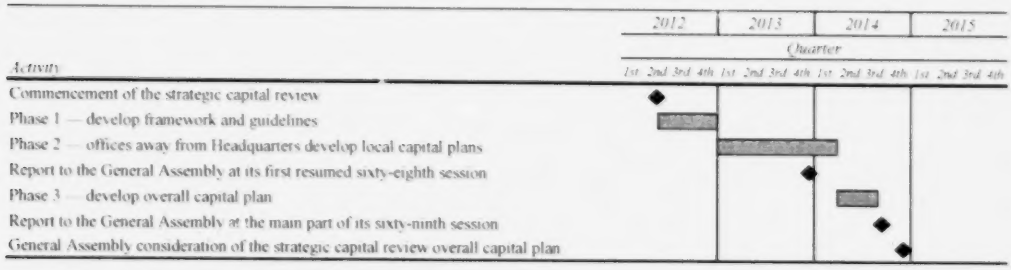
56. The governance structure for the final phases of the strategic capital review should provide high-level guidance to ensure that all key objectives, findings and conclusions are duly validated by senior management of the Organization. In line with the recent practice on major capital projects, a steering committee is envisioned to guide the strategic capital review and to establish the prioritization of projects. This committee is to include senior management representatives from Headquarters and offices away from Headquarters. The steering committee will include not only members directly related to construction, but also operational partners and end users who are able to guide capital requirements by defining broader organizational objectives (such as security, information technology and conference services) as they arise, which may have an effect on capital investment requirements.

57. From the long-term perspective, it is apparent that there is a need for dedicated resources within the Organization to conduct and maintain a long-term capital planning programme to ensure that this process does not become stagnated. To this end, it will be important to establish on-call consultancy services and internal resources to support the facilities management service in performing periodic updates and to effectively budget for projects. Umoja will bring administrative advantages for the Organization once a global real estate database is established as a common standard of facilities information and management at each office or duty station. However, it is also important to recognize that reporting requirements under IPSAS for assets are significant, and hence the demands on asset record-keeping, accounting and management activities are increased. The interaction of these different factors will be important when considering property management in the long term.

VII. Next steps and timelines

58. The schedule set out in figure IV below indicates the timeline for the finalization of the data collection process, analysis of the data and final report on the overall findings of the strategic capital review.

Figure IV
Schedule for the strategic capital review


2012
2013
2014
2015
Quarter
Activity
1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th
Commencement of the strategic capital review
Phase 1 — develop framework and guidelines
Phase 2 — offices away from Headquarters develop local capital plans
Report to the General Assembly at its first resumed sixty-eighth session
Phase 3 — develop overall capital plan
Report to the General Assembly at the main part of its sixty-ninth session
General Assembly consideration of the strategic capital review overall capital plan

59. As noted previously, the strategic capital review is intended to be a rolling programme, updated continuously. It will be recalled that the strategic capital review was in its early stages at the time of the preparation of the proposed

programme budget for the biennium 2014-2015, and hence the results of phase 1 were partially factored into the planning process, for example, by standardizing formats and ensuring that proposed projects adhere to common organizational objectives.

60. As illustrated above, the strategic capital review should be completed in time for submission to the General Assembly at its sixty-ninth session. Any subsequent directions from Member States thereon, would be addressed accordingly in the course of the established budgetary process.

61. More specifically, the next steps for the strategic capital review include:

(a) Finalizing the data-collection process, the data analysis and consultancy reports by offices away from Headquarters;

(b) Completing phases 2 and 3 of the strategic capital review outlined in the project schedule included in the present report;

(c) Establishing the steering committee for phase 3 of the review;

(d) Finalizing the project guidelines and lessons learned to be used for future major capital project initiatives.

62. The Secretary-General intends to report to the General Assembly at its sixty-ninth session on the final outcome of the strategic capital review.

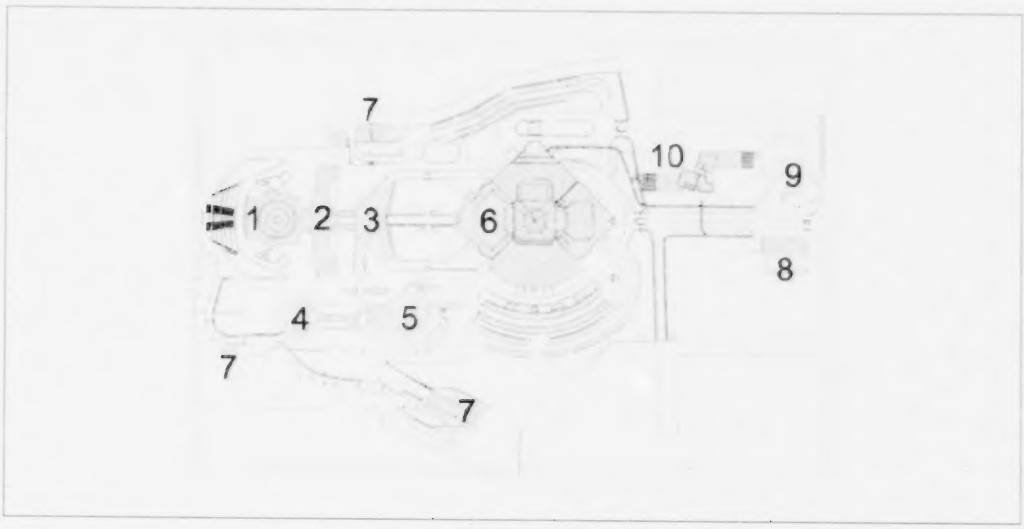
VIII. Action to be taken by the General Assembly

63. **The General Assembly is requested to take note of the present report.**

Annex

Overview of the real estate portfolio of the United Nations Secretariat

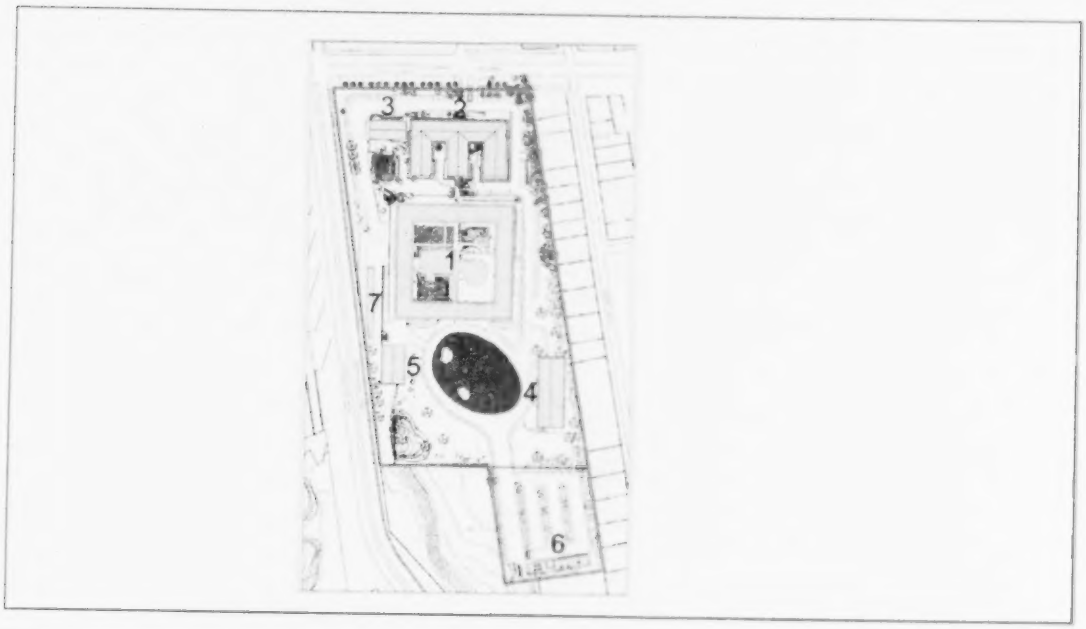
I. Economic Commission for Africa



Building	*Value (United States dollar) (depreciated replacement cost)*[a]	*Gross area (square metres)*	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
1 Africa Hall building	2 238 679	6 576	1961	52	To be determined	7
2 Old office building	3 108 158	10 612	1961	52	To be determined	7
3 Extension office building	12 293 307	20 655	1976	37	To be determined	13
4 Cafeteria building	1 501 593	5 270	1976	37	To be determined	13
5 Library building	1 651 243	5 664	1976	37	To be determined	13
6 United Nations Conference Centre	61 871 957	42 184	1996	17	To be determined	33
7 Auxiliary buildings and pavilions, Green House and Generator House	940 044	7 603	1996-2004	9-17	To be determined	33
8 Delegates registration building	224 209	714	2005	8	To be determined	33
9 Mail registry building	225 913	720	2007	6	To be determined	33
10 New office building	To be determined	To be determined	2013	0	To be determined	50
Supplementary buildings around the United Nations Conference Centre	745 356	3 087				
Total	**84 800 459**	**116 946**	Not available	Not available	Not available	Not available

[a] Information on values, gross areas, years constructed and ages is contained in the January 2014 ECA valuation for IPSAS opening statements of financial position.

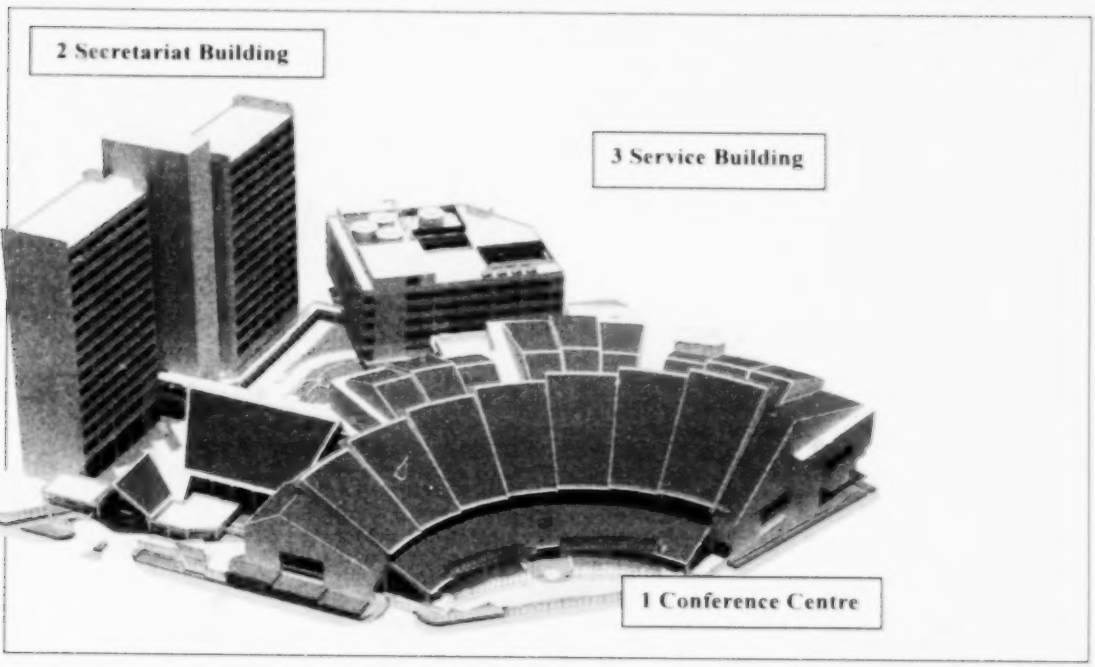
II. Economic Commission for Latin America and the Caribbean



Building		*Value (United States dollar) (depreciated replacement cost, 2013)*[a]	*Gross area (square metres)*	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
1	Economic Commission for Latin America and the Caribbean building	8 902 652	14 650	1966	47	2013	25
2	North building	2 168 534	2 668	1989	24	Not available	25
3	Printing building	809 036	970	1989	24	Not available	25
4	Centre of Economic and Social Documentation building	719 344	1 486	1975	38	Not available	25
5	Auditorium (gym) building	136 950	644	1983	30	Not available	25
6	Security building	843 096	499	2007	6	Not available	25
7	Ancillary building	196 217	258	1992	21	Not available	25
8	Cafeteria building	1 144 486	687	2013	–	Not available	40
9	Parking garage	910 352	3 553	2004	9	Not available	40
	Total	**15 830 667**	**25 415**	Not available	Not available	Not available	Not available

[a] Information on values, gross areas, years constructed and ages is contained in the 2013 ECLAC valuation for IPSAS opening statements of financial position.

III. Economic and Social Commission for Asia and the Pacific

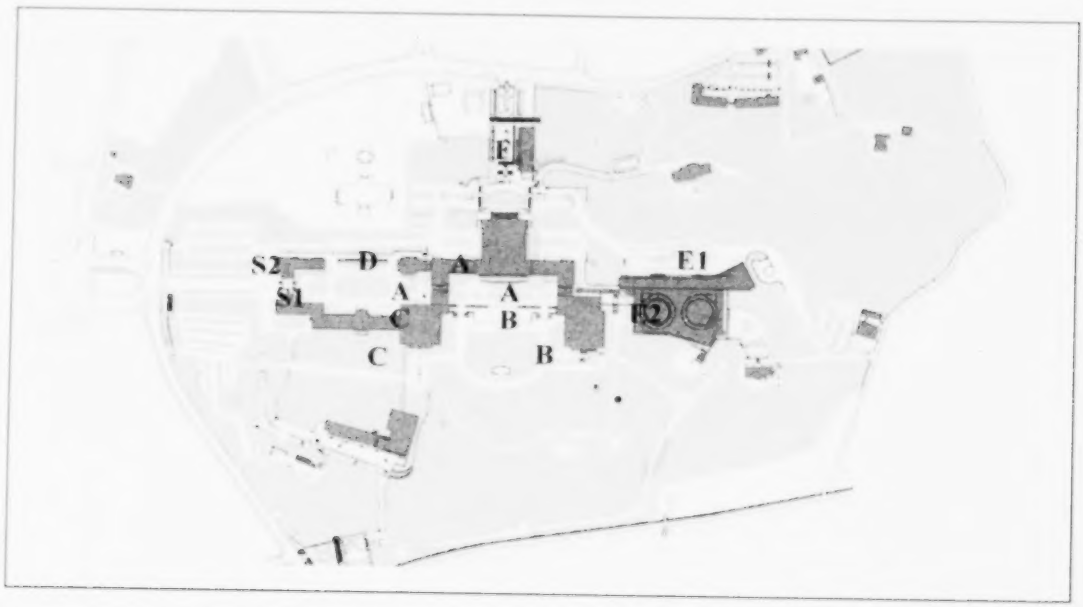


Building		*Value (United States dollar) (depreciated replacement cost, 2013)*[a]	*Gross area (square metres)*[b]	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
1	Conference Centre	72 515 511	50 730	1993	20	Not available	30
2	Secretariat Building	25 049 926	29 532	1975	38	Not available	20
3	Service Building	13 795 941	19 727	1975	38	Not available	20
	Total	**111 361 378**	**99 989**	Not available	Not available	Not available	Not available

[a] United Nations Treasury operational exchange rate of 32.88 (December 2013) used to convert values from baht to United States dollars.

[b] Information on values, gross areas, years constructed and ages is contained in the 2013 ESCAP valuation for IPSAS opening statements of financial position.

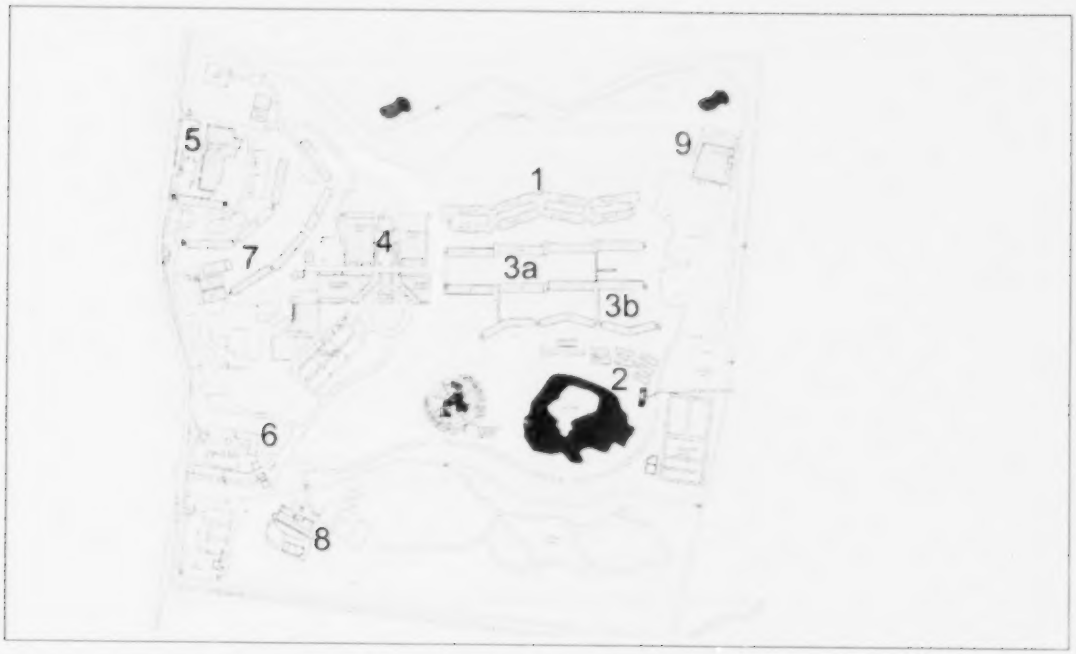
IV. United Nations Office at Geneva



Building	*Value (United States dollars) (insurance)*[a]	*Gross area (square metres)*[b]	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
A Assembly building	160 493 841	45 772	1937	76	To be determined	To be determined
B Library building	91 316 825	14 934	1937	76	To be determined	To be determined
C Council building	74 081 905	14 393	1937	76	To be determined	To be determined
AB Building	28 694 730	To be determined	1937	76	To be determined	To be determined
AC Building	53 456 508	To be determined	1937	76	To be determined	To be determined
S1 Secretariat building	92 401 778	21 617	1937	76	To be determined	To be determined
S2 Secretariat building		To be determined	1937	76	To be determined	To be determined
D Building	18 647 619	4 671	1950	63	To be determined	To be determined
E1 Building	291 196 698	45 240	1974	39	To be determined	To be determined
E2 Building		33 058	1974	39	To be determined	To be determined
F Pregny gate	12 561 690	1 383	2006	7	To be determined	To be determined
Post Office building	5 629 321	1 557	2008	5	To be determined	To be determined
Underground parking (in E1-E2 buildings)	To be determined	To be determined	1974	39	To be determined	To be determined
Infrastructure and other out-buildings	362 465 104	To be determined	Various	To be determined	To be determined	To be determined
Total	**1 191 306 019**	**182 625**	Not available	Not available	Not available	Not available

[a] Information on values is contained in the draft IPSAS financial statement spreadsheet of April 2013.
[b] Information on gross areas, years constructed and ages is from the strategic heritage plan comprehensive report of May 2013.

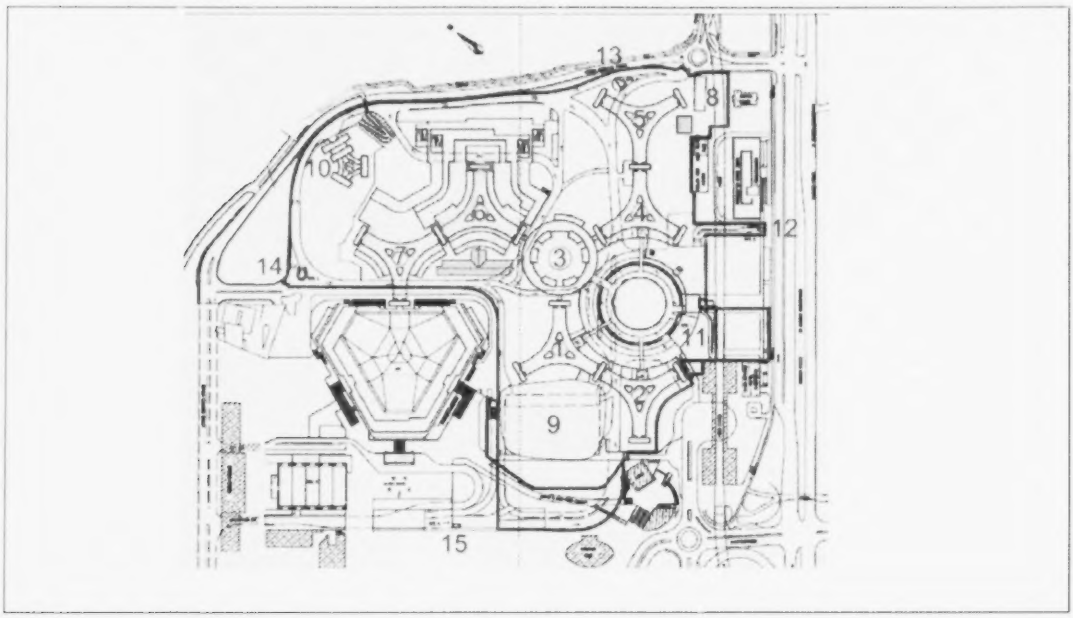
V. United Nations Office at Nairobi



Building		*Value (United States dollar) depreciated replacement cost)**	*Gross area (square metres)*	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
1	New office building	23 425 510	25 360	2009-2010	4-5	Not available	30
2	Prefabricated office building	1 297 536	3 672	2009-2010	4-5	Not available	20
3a	Office blocks M, N, P, R, S, T	4 924 748	13 928	1983-1985	28-30	2005-2012	10
3b	Office blocks Q, U, V, W, X	6 929 800	13 047	1992	21		10-15
4	Central areas, Library, Conference Centre and Documents Publishing Building	12 657 868	30 934	1983-1985	28-30	2008-2009 and 2012	5-20
5	Central Materials Management Facility	1 860 475	2 815	2007-2009	4-6	Not available	25
6	Security (Gate Houses and Visitors' Pavilion)	1 367 225	953	2001-2005	8-12	Not available	25
7	Office blocks A-J	4 400 438	12 137	1975	38	2005-2012	5
8	Recreation Centre	2 310 005	2 674	2005	8	Not available	25
9	Multi-storey car park building	2 672 479	6 925	2011	2	Not available	35
	Total	**61 846 084**	**112 445**	Not available	Not available	Not available	Not available

* Information on values, gross areas, years constructed and ages is contained in the 2014 United Nations Office at Nairobi valuation for IPSAS opening statements of financial position.

VI. United Nations Office at Vienna



Building		*Value[a] (United States dollar) (depreciated replacement cost, 6 2011)[b]*	*Gross area (square metres)*	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
1	Building A	66 249 669	67 489 45	1979	34	2008[c]	To be determined
2	Building B	23 358 365	28 915 55	1979	34	2008[c]	To be determined
3	Building C (Conference Centre)	4 929 432	48 282 87	1979	34	2013[c]	To be determined
4	Building D	59 926 365	54 413 36	1979	34	2008[c]	To be determined
5	Building E	30 021 731	37 970 85	1979	34	2008[c]	To be determined
6	Building F	86 136 627	74 478 73	1979	34	2009[c]	To be determined
7	Building G	49 567 369	32 578 70	1979	34	2009[c]	To be determined
8	Building J	To be determined	819 12	1979	34	2009	To be determined
9	Building M (Conference Centre)	68 106 903	30 135 30	2009	4		To be determined
10	Building K (Child Care Centre)	1 718 583	1 455 68	2001	12		To be determined
11	Gate 1	2 172 929	686 06	1979	34	2011	To be determined
12	Gate 2	1 240	19 16	1979	34	2009	To be determined
13	Gate 3	4	63 68	1979	34	2010	To be determined
14	Gate 4	4 503	59 22	1979	34	2010	To be determined

Building	*Value[a] (United States dollar) (depreciated replacement cost, 6 2011)[b]*	*Gross area (square metres)*	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
15 Gate 5	2 908	44 93	1979	34	2010	To be determined
P1+P2	4 274 228	1 800 00	1979	34		To be determined
Infrastructure and other out-buildings	11 495 756	To be determined	Various	To be determined	To be determined	To be determined
Total compound	**407 966 610**	**379 212.66**	Not available	Not available	Not available	Not available

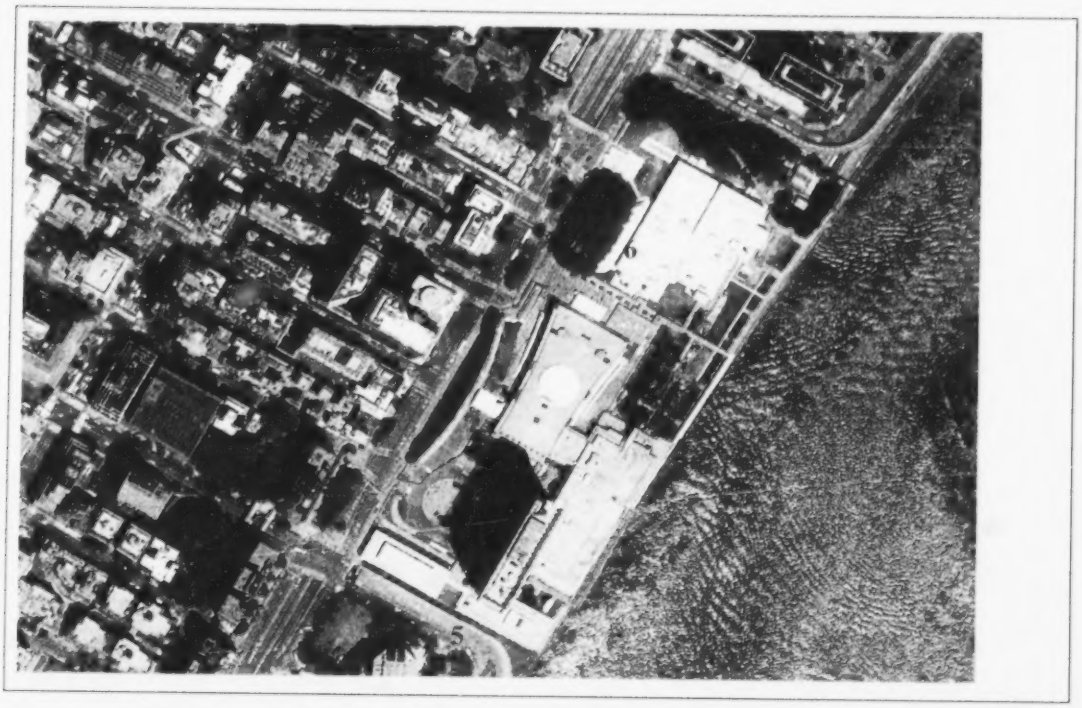
Note: As stated in A/68/6 (Sect. 33), alterations and improvements at Vienna are governed by the agreement between four Vienna International Centre-based organizations. The United Nations Office at Vienna contributions are based on its current ratio of 22.670 per cent. For the purposes of the present report the direct United Nations Office at Vienna value is considered to be $92,486,030, which is the corresponding 22.8 per cent of the Vienna International Centre value ($407,966,610 €311,686,485).

[a] Information on values, gross areas, years constructed and ages is contained in the 2011 Vienna International Centre valuation for the International Atomic Energy Agency (not for UN-IPSAS opening statements of financial position, but IPSAS compliant).

[b] United Nations Treasury operational exchange rate of 0.764 (November 2013) used to convert values from euro to United States dollars.

[c] Asbestos removal project.

VII. United Nations Headquarters



Building		*Value (United States dollar) (depreciated replacement cost)*[a]	*Gross area (square metres)*	*Year constructed*	*Age (years)*	*Year refurbished*	*Remaining useful life*
1	Secretariat Building	505 009 357	83 583	1950	63	2013	50
2	Conference Building	248 425 614	41 085	1950	63	To be determined	50
3	General Assembly Building	119 034 104	To be determined	1952	61	To be determined	17
4	Dag Hammarskjold Library	11 585 311	11 014	1980	33	To be determined	To be determined
5	South Annex building	3 996 675	3 650	1980	33	To be determined	17
6	North Lawn temporary building (swing space)	104 107 864	24 652	2009	4	To be determined	46
7	UNITAR Building	6 182 515	5 143	1946	67	To be determined	25
8	Sutton Place (Secretary-General's residence)	10 625 464	1 304	1946	67	To be determined	37
9	Underground parking (basement levels)	317 062 438	162 085	1948	65	To be determined	37
	Total	**1 326 029 342**	**332 516**	Not available	Not available	Not available	Not available

[a] Information on values, gross areas, years constructed and ages is contained in the draft IPSAS Vol. I financial statement valuations of December 2013.

Glossary

The following provides definitions of the terminology used throughout the documentation development and establishment of the strategic capital review:

(a) Operational/preventative maintenance: regularly scheduled maintenance required to enable a building system or component to function throughout its normal anticipated useful life. These are operational not capital expenses. Examples include changing air filters on HVAC systems and changing light bulbs;

(b) Major maintenance: replacement of some or all of a particular building system or a major piece of building equipment which would serve to substantially extend the anticipated useful life and enhance the serviceability and functionality of a major building system and component. These are a capital expense. Examples include changing motors on HVAC air handlers or pumps, and replacing light fixtures;

(c) Alterations and improvements: renovation of an entire building or part of a building as a result of scheduled lifecycle replacement or the introduction of a new requirement. These are a capital expense. Examples include interior renovation of an office space owing to move-in of a new tenant, and renovation of a lobby space;

(d) New construction: construction of a new building, as a result of a new requirement such as increase in staffing levels or establishment of a new function. The Secretary-General does not foresee the need for new construction in the near term for the Organization except possibly in New York other than replacement of existing buildings;

(e) Major renovation: total rehabilitation of an existing building often because of underinvestment in capital improvements over time;

(f) Construction in progress accounts: accounts set up to handle multi-year restoration and new construction projects;

(g) Building components: owing to the complex nature of building construction, and the size of a building in terms of both area and value building components are used to describe various parts that comprise the building which have different useful lives because of their construction type and use. They include exterior roofing interior and services;

(h) Standard useful life: expected life of a building or building component based on normal use assuming standard operational maintenance is performed;

(i) Remaining useful life: expected remaining life of a building or building component based on the age and condition of the building or component; remaining useful life can be extended as a result of capital improvements.

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Study on the long-term accommodation needs at United Nations Headquarters for the period from 2014 to 2034

Report of the Secretary-General

Summary

Pursuant to section III of General Assembly resolution 67/254 A, the present report provides information requested on the long-term accommodation needs of the United Nations in New York, including the consideration of options not previously considered. The report provides an update on the population of the Secretariat and other offices, with and without the staff of funds and programmes anticipated to co-locate with the Secretariat, the impact of the implementation of flexible workplace strategies, information on the sequencing of United Nations construction projects, information on the short- and long-term financing alternatives for each option, a consideration of the potential impact on the architectural integrity of the United Nations compound, an analysis of the target ratio of owned versus leased space and information on options for the renovation of the South Annex Building and the Dag Hammarskjöld Library Building.

The total population forecast of the Secretariat and other offices, funds and programmes staff expected to require accommodation is 9,593 in 2018, assuming a no-growth scenario, of which 850 are from the funds and programmes. As set out in the report of the Secretary-General on flexible workplace (A/68/387), the implementation of flexible workplace strategies is anticipated to reduce the overall space requirement by 20 per cent. Taking this into account, the total off-campus space requirement, in a no-growth population scenario, is approximately 1,109,311 square feet, which includes office space, shared amenities and building support spaces.

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In addition to the four options considered in previous reports, six additional options have been considered in the present report. Ultimately, only three options have been considered viable and advantageous for the Organization, and have been financially analysed in detail. They are: (a) North Lawn assessment; (b) United Nations Development Corporation (DC-5) lease-to-own; and (c) status quo leasing.

Of the three options, in a no-growth population scenario, the North Lawn option is the least costly, at $3.528 billion; the DC-5 option is $4.083 billion; and the status quo option is the most costly, at $4.551 billion. All costs set out above are in 2014 net present value terms. All costs include consideration of one-time capital costs, and operational costs through 2064 (50 years from 2014, the starting point of the study).

In addition to cost issues, non-quantifiable criteria are also considered, including the intangible benefits of ownership, such as the potential productivity gains of consolidating staff into an integrated campus and of providing high-quality office conditions. The report also includes the findings of the experts who considered the issue from the viewpoint of the architectural integrity of the United Nations compound.

The General Assembly is invited to take note of the report, to approve the most preferred option and to authorize the Secretary-General to take the steps necessary for implementation.

I. Introduction

1. In section III of its resolution 67/254 A, the General Assembly requested the Secretary-General to submit a new report on the United Nations Headquarters long-term accommodation needs, including the following information:

(a) Comprehensive information on all viable options, including additional options not adequately considered or developed in the report of the Secretary-General (A/67/720), ensuring that all options are treated equally, while seeking the most favourable terms for the Organization in all cases;

(b) Total population figures with and without the staff of the participating funds and programmes and the financial consequences of the cost-sharing arrangements with them;

(c) The impact of the implementation of flexible work arrangements on the capacity of the buildings at the Headquarters compound;

(d) The sequencing of the United Nations construction projects;

(e) Short- and long-term financing alternatives for each option, the direct and indirect cost of each option, the net present value of each option, along with the residual value of new construction where relevant, and the legal and other risks associated with each option;

(f) The potential impact on the architectural integrity of the United Nations compound;

(g) An analysis of the preferable ratio of owned versus leased space for the Organization and possible developments in the planning for the future of the Organization;

(h) Information and options, as well as financial implications, on the renovation of the South Annex Building and the Dag Hammarskjöld Library Building, ensuring that the commemorative value of the Dag Hammarskjöld Library is respected.

II. Key assumptions and estimated space requirement

A. Population figures

2. The starting point for the study of the long-term accommodation needs for the period from 2014 to 2034 was a review of the total population of the United Nations located in New York. The population includes staff, consultants, interns, associate experts and contractors requiring long-term accommodation, from the Secretariat as well as participating funds, programmes, other offices and specialized agencies. In this connection, the Secretariat has included population figures from those United Nations entities currently accommodated by the Secretariat, including the United Nations Development Programme (UNDP), which, even though expected to downsize in New York, is anticipated to continue to have the largest non-Secretariat population, to take into account in the consideration of long-term accommodation needs. Following discussions, UNDP has confirmed that it is willing in principle to co-locate with the Secretariat if this reduces the Programme's long-term

accommodation costs while providing a suitable, efficient and high standard of sustainable offices. Other funds and programmes currently located in New York, including the United Nations Population Fund, the United Nations Office for Project Services and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) have either just recently entered into or will soon enter into long-term commercial leases, and are not considered candidates to participate in the Secretariat's long-term accommodation strategy.

3. Another key factor is determining whether this population is housed in currently owned or leased property and projecting future scenarios for owned and leased properties. Properties currently owned and operated by the United Nations include the Headquarters complex, located at 405 E. 42nd Street, and the United Nations Institute for Training and Research Building, located at 801 United Nations Plaza. The breakdown of populations at Headquarters is reflected in table 1 below.

Table 1
Breakdown of populations

	2012 (according to A/67/720)	*2013 (current population)*	
		Secretariat and other offices	*Secretariat, other offices and funds and programmes*
A. Population at Headquarters (by entity)			
United Nations departments	8 521	8 516	8 516
Other offices	–	227[a]	227[a]
Funds and programmes	2 320	–	850[b]
Total	**10 841**	**8 743**	**9 593**
B. Population in United Nations-owned property and non-seated positions			
On campus/owned	4 132	3 898	3 898
Non-seated	771	937[c]	937[c]
Total	**4 903**	**4 835**	**4 835**
C. Headquarters total population requiring seating outside United Nations-owned property: A-B	**5 938**	**3 908**	**4 758**

[a] 227 total staff from approximately 20 small other offices, which currently sub-lease space from the Secretariat in rental space outside of the campus, have been included in the study.
[b] Comprises the projected staff of UNDP (see paras. 2 and 13).
[c] The change in number of non-seated staff from 2012 to 2013 relates not to changes in actual staffing levels, but to a revised count, following the completion and repopulation of several subprojects in the basement and the Conference Building as part of the capital master plan.

B. Flexible workplace

4. As set out in his report on the implementation of a flexible workplace at United Nations Headquarters (A/68/387), the Secretary-General intends to implement flexible workplace strategies that will have an impact on the overall

office accommodation requirements of the Organization. The term "flexible workplace" describes the arrangements of physical space, technology and other programmes that support a more flexible and mobile way of working. The most common components of a flexible workplace are telecommuting, desk-sharing, hotelling and hot-desking.

5. The implementation of a flexible workplace would bring about a more mobile and modern way of working through an upgrade of technological support and physical space as well as the provision of training programmes and policies to enable flexible working. The implementation of flexible workplace, therefore, requires the reconfiguration of the existing workspace, investment in information and communications technology, putting in place supportive human resources systems and policies and a strong engagement and communication strategy to ensure that the deployment of this change management initiative meets the varying needs of different parts of the Organization and benefits from a broad buy-in that will help to ensure increases in productivity. A flexible workplace offers the potential for the Organization to further its goals of working more effectively and efficiently and builds on the principles of other transformative initiatives under way at the United Nations, such as Umoja, the International Public Sector Accounting Standards (IPSAS) and flexible working arrangements. For clarification, the term "flexible working arrangements" refers to the current human resources policy whereby staff may opt to work from home or maintain an alternative work schedule (see Secretary-General's bulletin ST/SGB/2003/4).

6. In the previous report of the Secretary-General on long-term accommodation requirements (A/67/720), it was assumed that flexible workspace strategies could eventually lower the gross square footage allowance per workspace by around 10 per cent from post-capital master plan conditions to 200 gross square feet per person. That planning figure was used to estimate overall space requirements. As stated in the Secretary-General's report on the implementation of a flexible workplace (A/68/387), the planning assumption on the impact of a flexible workplace has been revised to 20 per cent, and the new baseline of 176 gross square feet per workspace is being used in the present report.

7. A follow-up report on the implementation of a flexible workplace will be submitted to the General Assembly at its sixty-ninth session and will include a detailed business case. It is not expected that the outcome of the business case will have a significant impact on the planning assumptions set out in the present report.

8. The flexible workplace will be implemented across the whole population in New York, in both the owned and leased spaces. Across the whole office space portfolio, a savings of 20 per cent will be achieved, driving a significant reduction in requirements for leased space.

9. For planning purposes, it is assumed that by 2018, flexible workplace strategies will be applied to the typical office floors of the Secretariat building, floors 8 to 38, and the population housed on those floors will increase by approximately 630 staff. Accordingly, the United Nations would expect to terminate or not renew current leases for accommodating the equivalent number of staff.

10. By 2023, it is assumed that flexible workplace strategies will also be applied to leased spaces, increasing the utilization of those spaces by a further 630 staff. The target date for realizing space savings from flexible workplace strategies in leased

spaces is later than on campus because, for planning purposes, it is assumed that swing space will be required to make capital improvements to existing leased spaces. In addition, it may be most advantageous to make modifications at the beginning of new lease terms and/or in newly leased spaces.

11. The overall reduction in the office space portfolio would be reduced by 20 per cent by 2023, assuming the no-growth population scenario.

12. By 2018, the total population at Headquarters is estimated to amount to 9,593 persons in a no-growth scenario, out of which 850 are from participating funds and programmes. The number of staff of participating funds and programmes has been reduced as compared with the figures included in the previous report (A/67/720).

13. UNDP is planning to redeploy staff currently located in New York to other locations, with a target of approximately 850 remaining by 2017. A total of 227 staff from approximately 20 small other offices, which currently sub-lease space from the Secretariat in rental space outside of the campus, have been included in the study. Other funds and programmes currently located in New York, including the United Nations Population Fund, the United Nations Office for Project Services and UN-Women, have either just recently entered into or will soon enter into long-term commercial leases and are not considered candidates to participate in the Secretariat long-term accommodation strategy.

Table 2
Breakdown of population assumptions after the planned implementation of flexible workplace strategies, by 2018

	Secretariat and other offices	*Secretariat, other offices and funds and programmes*
A. Population at Headquarters (by entity)		
United Nations departments	8 516	8 516
Other offices	227	227
Participating funds and programmes	–	850
Total	**8 743**	**9 593**
B. Population in United Nations-owned property and non-seated positions		
On campus/owned	4 528	4 528
Non-seated	937	937
Total	**5 465**	**5 465**
C. Headquarters total population requiring seating outside United Nations-owned property: A-B	**3 278**	**4 128**

C. Population scenarios

14. As in the previous report, three scenarios are projected for the future accommodation needs:

(a) The "1.1 per cent annual growth rate" scenario, which is based on a continuation of the historical trend of the past 20 years, and includes a net impact of both increases and decreases in programming;

(b) The "no-growth rate" scenario assumes that possible future programme increases and decreases would remain without net impact on the overall requirements;

(c) Under the "0.5 per cent annual decline rate" scenario, programme increases and decreases would be offset partially by factors such as changes in work practices.

15. The three population scenarios described above have been projected to estimate the population requiring seating outside the United Nations-owned premises between 2014 and 2034.

16. The breakdown of population scenario projections is shown in table 3 below.

Table 3
Population scenario projections: required seating outside the United Nations owned premises

	2013	*2018*	*Population (percentage)*	*2018*	*2023*	*2034*
			1.1	3 717	4 180	5 294
Secretariat and other offices — off campus/leased	3 908	3 278	No growth	3 278	3 278	3 278
			-0.5	3 085	2 896	2 498
			1.1	4 615	5 129	6 364
Secretariat, other offices and funds and programmes — off campus/leased	4 758	4 128	No growth	4 128	4 128	4 128
			-0.5	3 914	3 705	3 263

D. Own-to-lease ratio in the overall real estate portfolio

17. The purpose of establishing an ideal or a target own-to-lease ratio is to maximize the benefits of ownership of real estate for the organization, which include the ability to consolidate staff, thereby increasing efficiency of space management and increasing the overall quality of the physical work environment. At the same time, the target ratio allows for an appropriate and advantageous amount of flexibility. Specifically, it allows the Secretariat to shed space and reduce costs relatively quickly in response to periods of downsizing.

18. The first feasibility study (A/66/349) looked at historical staff population figures for Headquarters and the funds and programmes in New York, where known. Figures dating back to 1992 were available from the Office of Human Resources

Management and other historical figures were captured for the funds and programmes. The Secretariat figures show variable patterns of growth and decline. Looking at short declines, for example from 1994 to 1998, staff numbers dropped from 5,967 to 5,008, or a 16 per cent reduction. It is noted that these historical staff numbers do not include figures for some temporarily mandated positions, nor for consultants and contractors. It is also noted that, whereas short declines have occurred, the overall historical trend has been a 1.1 per cent growth (see para. 14 above).

19. In the light of the historic variability of Headquarters staff numbers, the general economic climate, and the Secretary-General's vision regarding the United Nations presence in New York, it would seem prudent to retain a proportion of leased space to accommodate the varying population.

20. The ideal target own-to-lease ratio, when considering new construction options, is around 80 per cent owned and 20 per cent leased. Given that staffing levels are fluid and the proportion of owned space changes infrequently, the target scenario for realizing this idealized ratio is the no-growth staffing scenario in the year 2018. The ratio would vary depending on the option chosen and the population at a given point in time, as illustrated in table 6 below. The current ratio of owned to leased space in the real estate portfolio of the Secretariat is 52 per cent to 48 per cent. This can be expected to move closer to the target ratio with the implementation of a flexible workplace and would increase further, should the General Assembly approve options 1 or 3.

E. Estimated space needs

21. The space requirements for the various scenarios have been calculated using the workspace allowance of 176 gross square feet per person, which assumes the implementation of flexible workplace strategies. The office space requirements for the three population projection scenarios are shown in table 4 below. In addition to these basic office space requirements, other required programmatic elements are common conference rooms, library, cafeteria, other United Nations programmes and building support, mechanical and the displaced programme functions of the Dag Hammarskjöld Library Building and the South Annex Building.

22. The required areas are less than described in the previous report, owing to the application of flexible workplace strategies and the lower projected number of staff from participating funds and programmes.

Table 4
Total projected off-campus office space requirements in 2018
(Gross square feet)

Population scenario	*Office space: Secretariat and other offices only*	*Office space: Secretariat, other offices and funds and programmes*	*Common space*	*Total space: Secretariat, other offices and funds and programmes*
No growth	604 337	756 997	352 317	1 109 314
1.1 per cent growth	1 037 148	1 189 808	352 317	1 542 125
0.5 per cent decrease	436 903	589 563	352 317	941 880

23. For options 1 and 3, entailing the construction of a new owned building, the total space requirements outside the Secretariat campus would be met by a combination of 816,337 gross square feet owned space and the remainder in leased space, according to the target own-to-lease ratio. For option 4, total space requirements outside the Secretariat campus would be met entirely in leased space.

III. Comparative analysis

A. Overview of studied options

24. A thorough analysis of all feasible options has been undertaken. In addition to the four options previously considered, the search has been broadened to include six additional options. All options are considered and evaluated against the following criteria:

(a) Potential ownership rights to the building (or buildings) and land;

(b) Size of the building, in consideration of both the currently projected requirements and the ability to accommodate changes in future requirements;

(c) Building efficiency, which is a factor of the size of the available plots of land and the layout of the building floor plans;

(d) Proximity to the Headquarters campus;

(e) Representation of United Nations status and values;

(f) Architectural integrity of the original United Nations campus;

(g) Cost considerations.

B. Introduction of each studied option

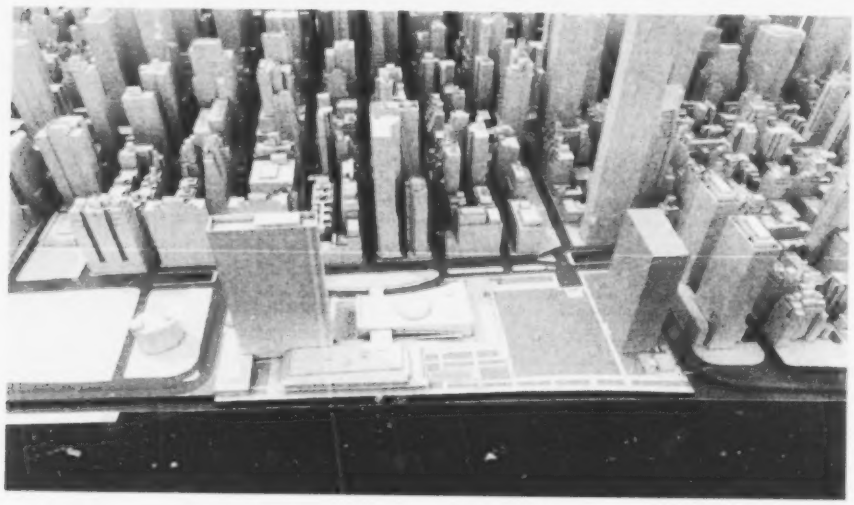
Options 1 and 2

25. Both options 1 and 2 propose the construction of a new high-rise building on the North Lawn. The difference between option 1 and option 2 is the funding modality. Option 1 would be funded by a special assessment from Member States, whereas under option 2, the construction would be financed by a third party. The timing of each option varies, based on the funding mechanism and the directive from the General Assembly that the construction of multiple major capital expenditure projects should not be undertaken simultaneously. Accordingly, option 1 could not begin until the completion of the strategic heritage plan, foreseen for 2023, in accordance with General Assembly resolution 68/247, in which the Assembly reiterated that the Secretary-General must ensure that major capital expenditure projects are not implemented simultaneously, in order to prevent the need to finance and supervise them at the same time. Option 1 is deemed viable and is included in the report. However, matters relating to architectural integrity and the findings of the architectural historic preservation experts, discussed in paragraphs 39 to 48 below, would need to be taken into account.

26. While option 2 was initially understood to be a viable option, the Secretariat is now advised that given the privileges and immunities and legal status of the United

Nations, it would be difficult for the Organization to enter into a commercial borrowing arrangement to finance the construction. Such a borrowing arrangement would require the authorization of the General Assembly. Moreover, the Organization cannot offer collateral against which a bond issuer could execute in the event of default. Therefore, there is no financial market for this kind of loan arrangement, and the option is therefore not commercially viable. For these reasons, option 2 is deemed not viable and therefore not analysed in further detail. A perspective view of the North Lawn building is shown in figure I below.

Figure I
Perspective of North Lawn building



Option 3

27. Option 3 proposes the construction of a new high-rise office tower on the plot of land south of the United Nations campus, known as either the United Nations consolidation building or DC-5. This option would be undertaken not by the United Nations, but by the United Nations Development Corporation, which proposes to finance construction through the issuance of bonds, to be redeemed through United Nations rent payments over an agreed term (for planning purposes, 30 years is assumed) under a rent-to-own arrangement. The building would be connected to the United Nations campus through a pedestrian tunnel. The planning process for the original DC-5 building size, a total of 931,500 gross square feet, is well advanced, in line with the schedule set out in the memorandum of understanding, which sets a deadline for the end of 2015 for completing the transaction of land. The timing of this option is such that construction could begin in 2016 for an occupancy date in 2018.

28. However, with the implementation of flexible workplace strategies and the new baseline of 176 gross square feet per workspace, it has been concluded that the original DC-5 building size would exceed the United Nations expected requirements, and that a building 816,337 gross square feet in size would be in line with requirements. Furthermore, the current memorandum of understanding between

the Corporation and the City of New York would require the United Nations to exercise its option to continue leasing DC-1 and DC-2 between 2018 and 2023. However, in the light of changed expectations of space needs based on revised population scenarios, the Secretariat has advised the Corporation that it cannot commit to this provision of the current memorandum of understanding.

29. Option 3 is deemed viable, provided that the memorandum of understanding is revised, and has been financially analysed in detail in the report. A perspective view of the building is shown in figure II below.

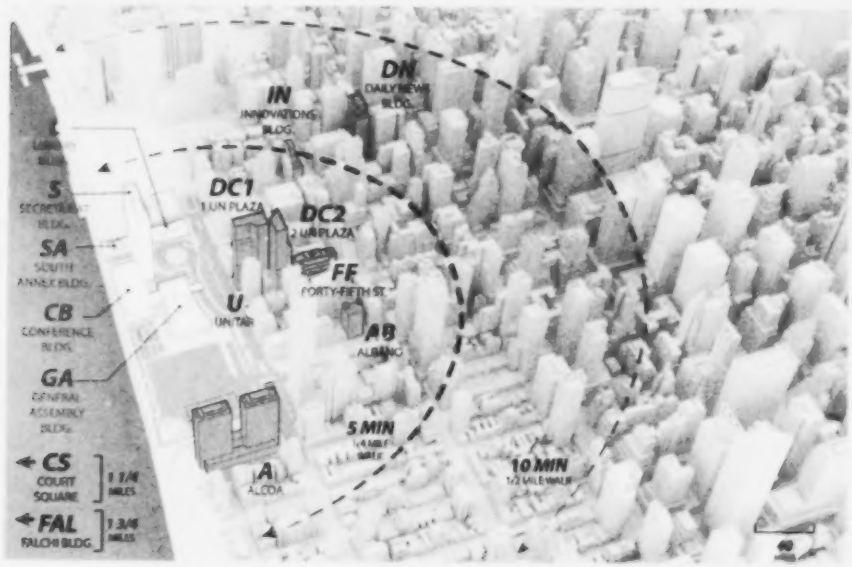
Figure II

Perspective of the United Nations consolidation building (DC-5)

Option 4

30. Option 4 is referred to as the "status quo" option. Off-campus accommodation needs would continue to be met through commercial leases. In the absence of other suitable accommodation currently available, it is assumed that this option would entail the continued leasing of the DC-1 and DC-2 buildings. The current leases, which are now far below market rate, will expire in 2018, although the Secretariat has the option to extend to 2023 on similar terms as today. After 2023, the Corporation intends to either sell or refinance the property. As a consequence, it is assumed that leased space would be available at commercial rates. Option 4 is deemed viable and is included in the report. A perspective view of the United Nations leased property inventory is shown in figure III below.

Figure III
Perspective view of the current United Nations leased property inventory



Option 5

31. Option 5 is a new option under the present study, the purchase of the DC-1 and/or DC-2 buildings. The Corporation intends to sell or refinance the DC-1 and DC-2 buildings as of the expiration of the lease agreement with the United Nations, for whichever terms are most favourable to the Corporation. Although the United Nations would be eligible to consider purchasing one or both of the buildings at that time, several key factors make this option not viable. First, the buildings are likely to be converted from commercial to residential use; as offers for residential use would likely be higher than for commercial use, based on current market research. In any event, it is unlikely that the United Nations will be in a position to outbid commercial users. Secondly, the DC-1 Building includes a hotel, which is not owned by the Corporation, but by another owner, which complicates the maintenance arrangements for the building. Lastly, the buildings, constructed in the early 1970s, are now 40 years old and would require significant capital improvements in order to become a viable long-term investment for the Organization.

32. Although a detailed conditions study was not performed, on the basis of the experience of the Organization as a tenant in the buildings, and relevant technical experience from buildings of similar age and construction typology, it would be expected that the primary electrical, heating, ventilation and air-conditioning systems would require replacement; improvements relating to building and fire codes would be required; and the exterior glass curtain wall would require extensive repairs, and possibly replacement. A capital project would therefore be required, entailing vacating all or parts of the building and moving into "swing space"

elsewhere. Accordingly, option 5 is deemed not viable and is therefore not analysed in further detail.

Option 6

33. Option 6 is also a new option under the study: construction of a new building on the site of the current Dag Hammarskjöld Library Building, labelled "South Zone" in figure IV below. As described in the previous report (A/67/720, sect. V) and in the eleventh annual progress report of the Secretary-General on the implementation of the capital master plan (A/68/352, sect. IX), the current security environment, combined with the nature of construction of the existing buildings, renders their long-term use not feasible. While a new building could be built on the site, that option has been studied on a preliminary basis, and several challenges have emerged. The full site under consideration includes both the grounds of the existing South Annex Building and the Library Building. The building site is small; it directly abuts the existing Secretariat building, is bifurcated by a city-owned access tunnel between the South Annex Building and the Library Building and is adjacent to First Avenue and 42nd Street. Therefore, the buildable area is significantly constrained, and it is not feasible to build a new building that is the same size or efficiency as either of the other sites on or near campus, namely, the North Lawn and DC-5 sites. While it might be feasible to build a significantly smaller building, this would not be the most efficient and cost-effective option, owing to the extensive security blast design requirements that would be required on the floors near street level. Against this background, it has been deemed that option 6 is not viable and is therefore not analysed in further detail.

Options 7 (a), 7 (b) and 7 (c)

34. In the analysis, three new possible variations are included under the overall heading of option 7 that considers properties inside or outside a 20-minute walking radius from the United Nations campus, in one of New York City's other boroughs, or elsewhere within the tri-state area. It should be noted that these particular developments are presented purely on an indicative basis, as the New York City real estate market changes frequently. The developments included in the present report are available at the time of the drafting of the report, but may not be available when a decision on the United Nations Headquarters long-term accommodation is made by the General Assembly.

35. Option 7 (a) is an option to rent consolidated space within an existing commercial building in midtown Manhattan, following a general review of current market availability. That option does not differ greatly from option 4, status quo, except that it could provide the Organization with an opportunity to consolidate a larger number of staff in one building. This option is not considered commercially advantageous relative to the status quo, given that leasing costs in this commercial zone are roughly 12 per cent higher than in the area immediately surrounding the United Nations campus. However, should the General Assembly decide that the United Nations should pursue the status quo option, the Secretariat would consider leasing options in Midtown Manhattan, should these prove financially advantageous at that time.

36. Option 7 (b) is an option to rent consolidated space in a planned commercial development near Pennsylvania Station on the West Side of Manhattan. This option

is very similar to option 7 (a), but because it is a new building, would afford the United Nations greater control over the space itself, as it would be a build-to-suit arrangement. However, this option would also be more expensive than the status quo option.

37. Option 7 (c) is an option to rent consolidated space within a planned commercial development in the tri-state area, near public transportation. This option is similar to the previous two, but again does not offer any significant advantage over the status quo option, though it includes the disadvantages of being far from the Headquarters campus, thereby creating potential logistical issues for staff needing to liaise closely with colleagues and/or needing access to the physical resources located in the Secretariat Building.

Option 8

38. Option 8 is an option to purchase a parcel of land near the United Nations campus, or elsewhere in Manhattan, for the purpose of constructing a new building. The project team, which included a real estate consultant, conducted a market survey of land costs, based on what was listed for sale, as well as past recent transactions for land or building that included land. The team determined that the expected cost of a parcel of land required to develop a building of similar size to the one being considered for the DC-5 option would be in the range of $225 to $370 million. Given the advantage of the DC-5 site and the on-campus construction (options 1 and 2) compared with commercial opportunities, option 8 was not further considered as part of the present report.

C. Other factors

1. Architectural integrity of the United Nations compound: findings of architectural historic preservation experts

39. The project team solicited the input of an internationally recognized architectural historic preservation firm to provide an analysis of the United Nations Headquarters campus relative to its inherent architectural and historic value.

40. The United Nations Headquarters complex is an iconic masterpiece of mid-century modernism. It possesses worldwide architectural and historical significance of the highest order and has become a symbol of the mission of the United Nations.

41. The complex is also the functional centre of a dynamic global institution that requires space and flexibility to carry out its vital mission. As set out in the present report, the United Nations has been considering options for constructing approximately 816,337 gross square feet of space to meet its functional needs in an economically sustainable manner. If the new space is to be located within or near the United Nations complex, it should respect the architectural integrity and the symbolic identity of the existing historic design. A historic preservation assessment was undertaken to establish criteria for evaluating the effects of new construction on the existing United Nations complex and to apply those criteria to assessing the impact of new construction on a range of possible sites.

Original design

42. The original architectural scheme for the United Nations complex evolved through many iterations from the late 1940s through the early 1950s. It synthesizes the design work of an international board of consultants comprising some of the finest architects of the twentieth century, including Le Corbusier, Oscar Niemeyer, Wallace Harrison and others. Its unmistakable form is familiar worldwide: the elegant marble, glass and steel slab of the Secretariat Building and the lower, asymmetrically domed mass of the General Assembly Building, visually linked by the long, horizontal podium of the Conference Building, with an open sweep of lawn and garden to the north. The site is bounded to the east by the East River and the Manhattan street grid to the west and south, with a ceremonial entrance at 47th Street and a functional one at 43rd Street. Although it has evolved with the construction of later buildings over time, the United Nations complex retains its original design integrity to a remarkable degree. As the capital master plan is in its final stages, the powerful clarity of the original designers' vision becomes yet more strikingly evident.

Subsequent evolution

43. In the years since its original construction, the architectural evolution of the United Nations complex has been highly respectful of the original design vision. The Dag Hammarskjöld Library of 1963 and the South Annex Building of 1982 reinforce the south edge of the original site and defer to the original buildings in design and massing. The Publishing Annex of 1981 is an underground structure, preserving the open green presence of the North Lawn. The Building at 866-870 United Nations Plaza (1966), while not functionally part of the United Nations complex, maintains the scale and position which the original scheme had set aside for expansion to the north. The many later buildings that border the complex along the west side of First Avenue (One United Nations Plaza, Trump World Tower, the United States Mission building, 50 United Nations Plaza and others) were constructed for a mix of United Nations-related functions and unrelated residential and commercial uses. They all represent a basic approach of openly juxtaposing the United Nations complex with its New York City surroundings. At the same time, the width of First Avenue and the generous setback of the original buildings allow a clear reading of the overall complex and prevent a clash of scales between the United Nations structures and their urban neighbours.

Criteria for evaluating growth

44. Two categories of criteria were considered for evaluating the impact of potential future construction on the architectural and cultural character of the United Nations complex. The first identifies significant and preservation-worthy design principles that are evident in the planning and execution of the complex from its original design and construction through its subsequent evolution. The second category includes formally established historic preservation criteria.

45. Analysis of the United Nations complex has identified five historical design principles that established the fundamental architectural character of the original design. These principles have largely been respected in the subsequent architectural evolution on and around the United Nations site, and they merit further respect in the design and siting of future new construction. The principles include:

(a) *Open site plan.* Structures are organized around an open site plan with landscaped areas situated between the buildings and a major open green area in the northern portion of the site;

(b) *Distinct architectural volumes.* Buildings are arranged to allow for the clear expression of their individual volumes and a legible sense of how the individual volumes are visually and functionally linked;

(c) *View corridors.* Views are unimpeded between the site and its surroundings, including both the East River and the surrounding Manhattan streets;

(d) *Dual zones of access.* The site maintains two distinct points of access from the west: the functional entry at 43rd Street and the ceremonial entry at 47th Street;

(e) *Areas for future growth.* The original design presented site-specific areas for future growth along its north, south and east edges. Subsequent evolution has followed these characteristics of the original design.

46. This assessment considers formally established sets of criteria for evaluating the historic preservation impact of planned alterations and expansions of historic architectural resources:

> International Charter for the Conservation and Restoration of Monuments and Sites (The Venice Charter, 1964)
>
> "Article 1. The concept of a historic monument embraces not only the single architectural work, but also the urban or rural setting in which is found the evidence of a particular civilization, a significant development or historic event.
>
> "Article 6. The conservation of a monument implies preserving the setting which is not out of scale. Wherever the traditional setting exists, it must be kept. No new construction, demolition, or modification which would alter the relations of mass and colour must be allowed.
>
> "Article 13. Additions cannot be allowed except in so far as they do not detract from the interesting parts of the building, its traditional setting, the balance of its components and the relation with its surroundings."

Alternatives and impacts

47. Alternative zones for locating 816,337 gross square feet of new United Nations space were considered in the light of the criteria described above. The zones assessed include four areas within the existing United Nations complex, and one adjacent site located to the south of the existing complex, across 42nd Street. All zones are shown in figure IV below. No other sites outside of the existing complex were included in this assessment, as all other adjacent sites are already occupied by existing buildings of substantial scale and/or function. They are:

(a) North zone: construction in this zone has the potential to approximate the location and footprint of the area historically planned for future growth at the north perimeter of the complex. However, the scale of the new construction is larger than anything envisioned historically. Construction of this scale would not meet the criteria discussed above, including the historical design principles and the formally

established review criteria. It would also have a physical impact on many of the existing mature trees at the north edge of the site;

(b) Central zone: construction in this zone would significantly compromise the open green space, which is a major factor in the first historical design principle identified above. It would also have a negative impact under the other design principles, by compromising the scale, visibility, access and individual volumetric legibility of the existing buildings. In addition, construction in this zone would have a significant physical impact on the existing below-grade facilities;

(c) East zone: construction in this zone would have a major negative impact on views to and from the East River, significantly compromising the iconic composition of the original buildings. It would be contrary both to the historical design principles and to the formally established review criteria;

(d) South zone: construction in this zone would be immediately adjacent to the Secretariat building and would seriously compromise both its scale and its volumetric perception, in contradiction to the historical design principles and formally established review criteria. Construction here would also require the demolition of the existing buildings at the south perimeter of the complex;

(e) Off-complex zone: construction in the zone south of 42nd Street would have the lowest historic preservation impact of any of the alternatives considered. While the new building would be substantial in height and scale, its distance from the existing United Nations buildings and its position on the far side of 42nd Street would create a relationship similar to the juxtaposition between the city and United Nations campus that exists along First Avenue. New construction in this zone would not interfere with the open site plan, scale, distinction of architectural volumes, view corridors, points of access or vision for future growth identified in the five historical design principles. It would also conform to established historic preservation criteria in their concern for site setting integrity, harmony of scale, preservation of existing historic construction and other basic principles.

Figure IV
Areas assessed for future growth

48. Based on the history of the original design, the pattern and character of subsequent evolution, the historical design principles derived from analysis of the existing complex, and the established historic preservation criteria, it was concluded by the architectural preservation experts that the off-complex site south of 42nd Street would be the preferred alternative for expansion of the United Nations complex from the perspective of preserving the architectural integrity of the United Nations campus, as it would adequately respect its iconic historical, cultural and architectural character.

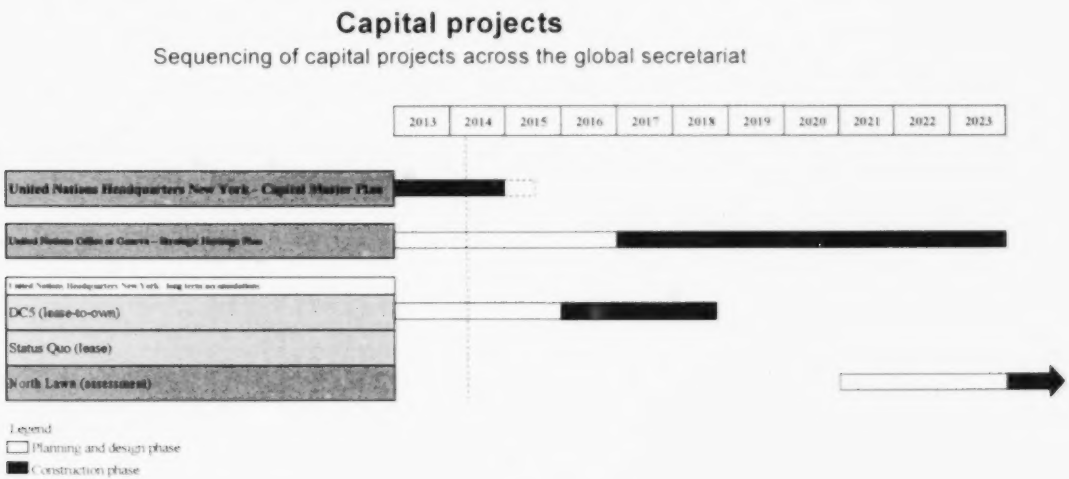
2. Sequencing of capital projects across the global secretariat

49. All consideration of how to meet the long-term accommodation needs of the United Nations are guided by the directives of the General Assembly on the sequencing of capital expenditure projects. In its resolutions 66/247 and 67/254, the General Assembly requested the Secretary-General to ensure that the renovation phase of the strategic heritage plan is not to start before the General Assembly has taken a decision on the matter and the capital master plan has been completed. This means that the completion of the capital master plan is a prerequisite for the commencement of major construction under the strategic heritage plan. Preparatory design and planning work for the strategic heritage plan was authorized by the General Assembly to proceed in the meantime. Further, the Secretary-General has been requested by the Assembly, in resolution 68/247, to ensure that major capital expenditure projects are not implemented simultaneously in order to prevent the need to finance and supervise them at the same time. This directive contains three dimensions, related to: (a) scope ("major capital expenditure projects"); (b) timing ("not to be implemented simultaneously"); and (c) purpose ("to prevent the need to finance and supervise them at the same time").

50. Accordingly, it is the understanding of the Secretariat that upon completion of the capital master plan, capital projects may proceed at the same time if funding arrangements are in place that do not require major capital expenditure by the United Nations, and the project is being undertaken by a third party.

51. The timeline for the sequencing of United Nations capital projects is shown in figure V below.

Figure V
Timeline for the sequencing of United Nations capital projects



3. United Nations credit rating

52. For the purpose of analysing the DC-5 option, it was necessary to conduct an in-depth analysis of the private bond market and how the credit rating of the United Nations (which would underlie the credit rating of the project) affects projected interest rates. The sale of the DC-5 bonds would require the bonds to be rated in an investment-grade category.

53. The credit rating would be based on an analysis of the terms of the lease and debt structure overlaid on an assessment of the creditworthiness of the United Nations relating to the DC-5 project. Should the General Assembly approve the DC-5 option for the long-term accommodation plan, it would be necessary to obtain a credit rating for the United Nations as part of the credit rating for the total project.

54. Table 5 below shows indicative 30-year taxable fixed interest rates based on the three rating categories considered using current rates and an assumed increase of 75 basis points as of the projected financing date of 1 January 2016. The rates are based on a "spread" to the 30-year United States Treasury bond rate estimated using the results of recent taxable municipal debt offerings in New York as guidance. The estimated rate increase as of 2016 is based on a median consensus of projected treasury rates.

55. The United Nations is assumed to be of investment grade credit quality. For purposes of the study, the project costs are calculated using an assumed medium investment grade rating category of A/A, which would result in an estimated future interest rate of 6.2 per cent. A deviation from this rating would result in a change in the interest rate. If, for example, an investment grade rating is Baa/BBB, the estimated difference would be 75 basis points, which would increase the overall costs of the project, by around $200 million over the life of the project.

Table 5

Taxable fixed interest rates					
Rating Category	30Y US Treasury	Spread to US Treasury	Current Rate	Forward Spread[a]	Estimated Future Rate
Aa/AA	3.70%	+ 130 basis points	5.00%	+ 75 basis points	5.75%
A/A	3.70%	+ 175 basis points	5.45%	+ 75 basis points	6.20%
Baa/BBB	3.70%	+ 250 basis points	6.20%	+ 75 basis points	6.95%

[a] Based on Bloomberg economists' median consensus projected United States Treasury rates as at 16 October 2013.

56. The DC-5 bonds are assumed to be structured as taxable, long-term, fixed rate debt issued through the United Nations Development Corporation as a conduit. The amount of the bond has been sized to provide sufficient funds for land, the construction of the building, and the interest due.

D. Comparative evaluation

57. In order to thoroughly analyse the total costs of each option studied, the project team projected total costs over a 50-year period, from 2014 through 2064, for each of the three options and for each of the three population scenarios. In other words, the study included nine detailed financial models.

58. The models were inclusive of all anticipated project costs, including hard and soft project capital costs, financing costs (if applicable), and long-term operational costs. Hard costs include construction trade costs and construction management fees, construction contingencies, insurances and cost escalation. Soft costs include design fees, programme management/owners representation fees, legal, design contingencies and staff costs.

59. Operational costs (also referred to as occupancy costs) include utilities, cleaning, repairs and maintenance, groundskeeping, security, and administrative costs. An annual contribution to a capital reserve fund is also included for the two owned options, in order to preserve property value over the life of a new building.

60. Once the total costs were determined, the team also calculated the net present value of each option. The term "net present value" describes a central tool in discounted cash flow analysis and is a standard method for using the time value of money to appraise long-term projects. It compares the present value of money today to the present value of money in the future, taking inflation and returns into account. In other words, it provides a robust comparison — on an "apples to apples" basis — of the financial costs/benefits, on a common present value (or cost) basis, of the different options being considered in the present report.

61. A summary of the cost comparison is provided in table 6 below. A detailed breakdown of the costs is provided in annex II to the present report.

Table 6
Comparison of the three viable options

	North Lawn assessment	*DC-5*	*Status quo*
Qualitative considerations			
Adherence to United Nations objectives: efficiency, increased security, campus effect	High	High	Low — United Nations population would be distributed among multiple buildings
Ownership ratio (owned/leased)			
No growth	80/20	80/20	52/48
1.1 per cent growth	64/36	64/36	42/58
0.5 per cent decrease	89/11	89/11	58/42
Flexibility to contract space portfolio	Possible by constructing smaller building or reduced leasing	Possible by reducing leased space in DC-1 or DC-2	Possible by reducing leased space; entering into some short-term leases
Financing considerations			
Funding	Through assessment of Member States	Through a United Nations Development Corporation-issued bond, paid with interest over 30-year period	Not applicable
Cost of new building (total project costs: construction cost and financing, as applicable)	$1.318 billion[a]	$1.479 billion[a]	Not applicable
Total option costs to 2064			
1.1 per cent growth	$10.622 billion	$10.907 billion	$14.407 billion
No growth	$6.790 billion	$7.075 billion	$10.730 billion
0.5 per cent decrease	$5.418 billion	$5.732 billion	$9.127 billion

	North Lawn assessment	*DC-5*	*Status quo*
Project costs, 2014 net present value			
1.1 per cent growth	$5.103 billion	$5.662 billion	$6.069 billion
No growth	$3.530 billion	$4.082 billion	$4.551 billion
0.5 per cent decrease	$3.001 billion	$3.571 billion	$3.914 billion
Market related	Not applicable	Proposal by the United Nations Development Corporation is governed by a memorandum of understanding	The United Nations would remain subject to a volatile rental market
Residual value of asset(s)	$1.040 billion, using depreciated replacement cost; cannot be sold	$2.080 billion, using income approach; new building can be sold at market value after 30 years	Not applicable

[a] Costs for options 1 and 3 have increased since the previous report (A/67/720) owing to construction escalation, an increase in the projected interest rate (for option 3), and the inclusion of associated costs, which were not included in the previous costs, such as furniture.

62. In addition to the qualitative and cost considerations summarized above, other additional non-quantifiable criteria need to be considered. These include the benefits of ownership and of consolidating staff into an integrated campus. The beneficial effects of consolidation include a higher level of predictability and stability of office space requirements, additional efficiency in space planning of large areas, saving of travel time between different locations, and a higher level of productivity, staff morale and quality of work owing to the improved quality of the physical work environment. Both the North Lawn and DC-5 options offer these benefits, while the status quo option does not.

IV. Dag Hammarskjöld Library and South Annex Buildings

63. The General Assembly, in part III of its resolution 67/254 A, requested information on options for the renovation of the South Annex Building and the Dag Hammarskjöld Library Building. Accordingly, the Secretary-General is providing that information in a separate report, in the context of the capital master plan to the General Assembly at its resumed sixty-eighth session.

64. Certain assumptions regarding the future of the existing Dag Hammarskjöld Library and South Annex Buildings were included in the study of long-term

accommodation needs for planning purposes, which are derived from the eleventh annual progress report of the Secretary-General on the implementation of the capital master plan (A/68/352).

65. The present study assumes that the functions of the South Annex Building and the Dag Hammarskjöld Library Building would be accommodated in the long-term as follows:

(a) For the North Lawn or DC-5 options, the functions would be included in the buildings. From the period covering the time after which the buildings are no longer operational, to the time that a new building is built, the medium-term option contained in the eleventh progress report (A/68/352) would be implemented;

(b) For the status quo option, the medium-term option would continue indefinitely.

V. Resource requirements

66. Of the options being considered, only option 3, DC-5, would require dedicated resources for the biennium 2014-2015. These would include a small liaison team within the Office of Central Support Services to coordinate with the United Nations Development Corporation. Should the General Assembly decide to proceed with option 3, a request for resources will be submitted separately.

67. Option 1 would require the establishment of a dedicated project team to directly manage the design and construction process. Such a team would comprise highly qualified staff with expertise in managing capital projects, including architects, engineers, cost planners and administrative staff. The dedicated resources would not be required until the time that the project would be implemented. For planning purposes, estimates for these resources are included in the financial model, but are not developed in detail.

VI. Actions to be taken by the General Assembly

68. **The General Assembly is requested to:**

(a) **Take note of the report of the Secretary-General;**

(b) **Approve the most preferred option and authorize the Secretary-General to take the steps necessary for implementation.**

Annex I

Key data for studied options 1, 3 and 4

Option 1: North Lawn

Building size: 816,337 gross square feet
Height: 482'-6"
Floors: 31

Office space
421,837 gross square feet
17 floors

Common and building support space
394,500 gross square feet
14 floors

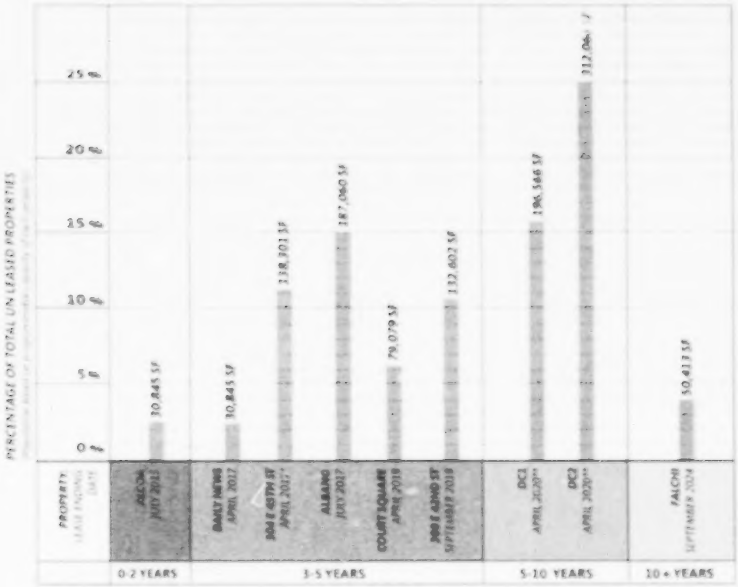
Option 3: DC-5

Building size: 816,337 gross square feet
Height: 494'-0"
Floors: 32

Office space
421,837 gross square feet
18 floors

Common and building support space
394,500 gross square feet
14 floors

Option 4: status quo



* Multiple leases are held at this property, expiring from 2012-2017.

** The option to renew the leases for DC-1 and DC-2 at the same rate extends until 2023.

Annex II

Financial analysis of options

Long-term accommodation cost (2014-2064)

Total cost

(Thousands of United States dollars)

	New building		*Current leases*		*Additional market leases*		*Total*		
	Occupancy cost	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Total cost*
No growth									
North Lawn assessment	1 872 600	1 318 500	799 200	–	2 701 900	98 200	5 373 700	1 416 700	6 790 400
DC-5	3 785 000	–	234 300	–	2 969 100	86 100	6 988 400	86 100	7 074 500
Status quo	–	–	515 200	31 700	9 865 500	317 900	10 380 700	349 600	10 730 300
0.5 per cent decrease									
North Lawn assessment	1 872 600	1 318 500	757 400	–	1 394 900	74 200	4 024 900	1 392 700	5 417 600
DC-5	3 785 000	–	234 300	–	1 639 500	73 400	5 658 800	73 400	5 732 200
Status quo	–	–	502 000	31 700	8 297 600	295 300	8 799 600	327 000	9 126 600
1.1 per cent growth									
North Lawn assessment	1 872 600	1 318 500	799 200	–	6 417 000	214 700	9 088 800	1 533 200	10 622 000
DC-5	3 785 000	–	234 300	–	6 687 400	200 300	10 706 700	200 300	10 907 000
Status quo	–	–	515 200	31 700	13 425 400	434 200	13 940 600	465 900	14 406 500

Current value in 2014 dollars

(Thousands of United States dollars)

	New building		*Current leases*		*Additional market leases*		*Total*		
	Occupancy cost	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Total cost*
No growth									
North Lawn assessment	873 100	924 200	653 500	–	1 010 200	66 900	2 536 800	991 100	3 527 900
DC-5	2 570 500	–	217 500	–	1 220 400	74 300	4 008 400	74 300	4 082 700
Status quo	–	–	445 700	27 400	3 840 800	236 600	4 286 500	264 000	4 550 500

	New building		*Current leases*		*Additional market leases*		*Total*		
	Occupancy cost	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Total cost*
0.5 per cent decrease									
North Lawn assessment	873 100	924 200	621 300	–	532 200	50 500	2 026 600	974 700	3 001 300
DC -5	2 570 500	–	217 500	–	719 800	63 400	3 507 800	63 400	3 571 200
Status quo	–	–	434 900	27 400	3 232 200	219 700	3 667 100	247 100	3 914 200
1.1 per cent growth									
North Lawn assessment	873 100	924 200	653 500	–	2 494 500	157 300	4 021 100	1 081 500	5 102 600
DC -5	2 570 500	–	217 500	–	2 710 800	162 700	5 498 800	162 700	5 661 500
Status quo	–	–	445 700	27 400	5 268 400	327 100	5 714 100	354 500	6 068 600

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General Assembly
Security Council

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General Assembly
Sixty-eighth session
Agenda item 42
Question of Cyprus

Security Council
Sixty-ninth year

Letter dated 30 January 2014 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I enclose herewith two separate annexes recording the infringements of international air traffic regulations and violations of the national airspace of the Republic of Cyprus by Turkey (annex I) and the illegal use of closed ports by Turkish warships during the month of December 2013 (annex II). It should also be noted that Turkish commercial aircraft systematically use the illegal Tympou airport. I have the honour to draw your attention to the systematic infringements by Turkey of the sovereignty and territorial integrity of the Republic of Cyprus through blatant violations of international law, in a way that seriously jeopardizes safety and security in the greater region.

I would be grateful if you would circulate the present letter and its annexes as a document of the General Assembly, under agenda item 42, and of the Security Council.

(*Signed*) Nicholas **Emiliou**
Permanent Representative

14-22566 (E) 120214

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Annex I to the letter dated 30 January 2014 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

Airborne violations

Date	*Time*	*Nature of violation*
4 December 2013	0939-1033	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia flight information region (FIR) and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia area control centre (ACC).
	1118-1137	One B-200 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1514-1527	One B-200 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
	1528-1624	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
5 December 2013	1140-1240	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1520-1640	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
6 December 2013	1108-1238	One Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
	1142-1206	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1301-1322	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
10 December 2013	1125-1155	Two F-16 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1830-1850	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1917-1934	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
12 December 2013	1003-1024	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1114-1214	Four F-16 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
13 December 2013	0951-1013	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.

Date	Time	Nature of violation
	1019-1036	One C-130 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1109-1127	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
14 December 2013	1130-1148	One GLF-4 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	2000-2009	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
15 December 2013	1435-1455	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1554-1611	One C-130 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
	1555-1615	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.

Date	*Time*	*Nature of violation*
17 December 2013	0958-1035	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1036-1205	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
18 December 2013	0830-0853	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1536-1602	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
	1536-1609	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
19 December 2013	1135-1155	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	1349-1505	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1611-1630	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
20 December 2013	1126-1148	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
21 December 2013	1937-1955	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, landing at the illegal Tympou airport.
	2018-2034	One CN-235 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC, having departed from the illegal Tympou airport.
23 December 2013	1226-1248	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1623-1641	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1719-1827	One Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
24 December 2013	1401-1617	One UH-1 Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomaic permit or contacting the Nicosia ACC.
	1405-1457	Two F-4 and two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1432-1517	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
	1810-2020	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
25 December 2013	0826-1254	One Cougar Turkish military helicopter infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1000-1043	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1315-1408	Two F-4 and two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1405-1545	One CN-235 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	1702-1737	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
26 December 2013	0956-1040	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1320-1406	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.
	1658-1737	Two F-16 Turkish military aircraft infringed international air traffic regulations and violated the national airspace of the Republic of Cyprus by entering the Nicosia FIR and the national airspace of the Republic of Cyprus without diplomatic permit or contacting the Nicosia ACC.

Date	*Time*	*Nature of violation*
27 December 2013	0908-0945	One C-130 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.
	2323-2355	One C-130 Turkish military aircraft infringed international air traffic regulations by entering the Nicosia FIR without diplomatic permit or contacting the Nicosia ACC.

Annex II to the letter dated 30 January 2013 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

Naval violations

Dates	*Nature of violation*
25 November-1 December 2013	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
26 November-3 December 2013	One S-355 Turkish submarine violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Kerynia.
28 November-7 December 2013	One P-330 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
29 November-14 December 2013	One A-590 Turkish tug boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
5-10 December 2013	One F-494 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
7-9 December 2013	One P-349 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
7-15 December 2013	One P-335 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
9-16 December 2013	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
16-18 December 2013	One P-335 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.

Dates	Nature of violation
17-18 December 2013	One A-1600 Turkish military transport ferry violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
17-23 December 2013	One A-590 Turkish tug boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
18-21 December 2013	One P-332 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
18-24 December 2013	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
20-24 December 2013	One F-490 Turkish frigate violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
20-28 December 2013	One S-360 Turkish submarine violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Kerynia.
22 December 2013-January 2014	One P-332 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
24 December 2013	One A-1600 Turkish military transport ferry violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos.
24 December 2013-January 2014	One P-330 Turkish missile boat violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
27-30 December 2013	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.
31 December 2013-January 2014	One F-500 Turkish corvette violated the territorial waters of the Republic of Cyprus and illegally used the closed port of Ammochostos, while participating in naval exercises of the occupation forces.

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General Assembly

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Sixty-eighth session
Agenda item 95
Establishment of a nuclear-weapon-free zone in the region of the Middle East

Letter dated 28 January 2014 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General

I am writing to you regarding the developments on the establishment of a nuclear-weapon-free zone in the Middle East, which was proposed, for the very first time, by Iran in 1974 and is indicative of the long-standing commitment of my country to the establishment of such a zone.

Indeed, the consensual and constant adoption, since 1980, of General Assembly resolutions in support of the establishment of that zone signifies the particular importance of the realization of this noble idea for the international community.

Moreover, the States parties to the Treaty on the Non-Proliferation of Nuclear Weapons have highlighted the establishment of such a zone in the Middle East as a matter of priority in all consensus final documents, resolutions and decisions of the successive Review Conferences of the Parties to the Treaty.

To operationalize this idea, the Review and Extension Conference of the Non-Proliferation Treaty in 1995 adopted a separate resolution on the Middle East. Subsequently, the 2000 and 2010 Review Conferences of the Parties to the Treaty reaffirmed that the resolution is an essential element of the outcome of the 1995 Conference and of the basis on which the Treaty was indefinitely extended without a vote in 1995, and recognized that the resolution remains valid until the goals and objectives are achieved.

In an important effort to pursue the implementation of the 1995 resolution, the 2010 Review Conference of the Parties to the Treaty renewed the resolve of States parties to the Treaty to undertake, individually and collectively, all necessary measures aimed at prompt implementation of the resolution, and unanimously decided to convene a conference in 2012, to be attended by all States of the Middle East, on the establishment of a Middle East zone free of nuclear weapons and all other weapons of mass destruction. This decision was supported overwhelmingly by

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the international community, and many efforts were exerted for the successful commencement of the conference in Helsinki in late 2012.

Consistent with its long-standing policy on, and commitment to, the idea of the establishment of such a zone, Iran positively engaged in consultations conducted by the facilitator and conveners of the conference and declared, well in advance, its readiness to participate in the conference.

However, the Helsinki conference was prevented only owing to the opposition of Israel, and as you are well aware, notwithstanding all efforts and strong global calls, during the past several years, for the convening of the Helsinki conference and establishment of that zone, regrettably, no progress has been achieved so far.

Taking into account the initiative presented by the Arab Republic of Egypt in the General Assembly on 28 September 2013, the Islamic Republic of Iran reiterates its long-standing position in support of the establishment of a Middle East zone free of nuclear weapons and all other weapons of mass destruction.

The Islamic Republic of Iran, while underlining the importance of the Review Conferences of the Parties to the Non-Proliferation Treaty as the only proper mechanism to deal with such an important issue, once again stresses that the Helsinki conference should be carried out according to the rules of procedure of the Review Conferences of the Parties to the Non-Proliferation Treaty, in particular the rule of consensus, and its agenda should only be the establishment of a Middle East zone free of nuclear weapons and all other weapons of mass destruction, as identified by the Final Document of the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons.

Likewise, to reach an agreement on a time-bound plan of action for universality of the Non-Proliferation Treaty in the Middle East leading to the establishment of a Middle East zone free of nuclear weapons and all other weapons of mass destruction should be the only focus of the Helsinki conference. Any precondition for the participation in the conference or the establishment of such a zone is contrary to the letter and spirit of the 1995 resolution on the Middle East and the Final Document of the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons and therefore should seriously be avoided.

I should be grateful if you would have the present letter circulated as a document of the General Assembly under agenda item 95.

(*Signed*) Mohammad **Khazaee**
Ambassador
Permanent Representative